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C A N A D A
PROVINCE OF ALBERTA
TO WIT:

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IN THE MATTER OF THE PUBLIC INQUIRIES
ACT AND THE ALBERTA HOUSING CORPORATION

The Honourable Mr. Justice
J. M. Cairns

Commissioner.

R. A. McLennan, Esq., Q.C.

Commission Counsel.

G. A. C. Steer, Esq., Q.C.,

For R. B. Orysiuk.

A. T. Murray, Esq.,

For William Weir.

W. A. Stevenson, Esq., and
A. H. Lefever, Esq.,

For D. McColl.

J. E. Redmond, Esq., Q.C.,

For E. P. Achtem.

E. D. Stack, Esq., Q.C.,

For Gateway Building
Supplies.

DATE: May 6, 1974.

HELD AT: Edmonton, Alberta.

VOLUME 1

(Pages 1 - 129)

Supreme Court Reporters

EDMONTON - ALBERTA

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VOLUME 1

May 6, 1974

WITNESSES:

BOHDAN ROBERT ORYSIUK

Examination by Mr. McLennan 6

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PROCEEDINGS before The Honourable Mr.
Justice J.M. Cairns, at Courtroom 15,
The Law Courts, in the City of Edmonton,
Province of Alberta, commencing at
10:00 a.m., Monday, May 6th, A.D. 1974.

THE COMMISSIONER:

Gentlemen, I have been

commissioned by the Lieutenant Governor-in-Council to make certain investigations into the affairs of the Alberta Housing Corporation. I will read the terms of reference in case there are people who are not familiar with them.

I am commissioned to inquire into and report upon the following matters:

- "(a) Whether any person committed any unlawful act in connection with the acquisition and assembly of land in or about the area presently known as the Mill Woods subdivision by the Alberta Housing Corporation or its predecessor, The Alberta Housing and Urban Renewal Corporation.
- (b) Whether any person committed any unlawful act in connection with the borrowing of money by Alberta Housing Corporation or its predecessor through the Main Bontal Bank, Frankfurt, West Germany, in or about the month of August, 1969.
- (c) Whether any person between January 1, 1969, and the date hereof unlawfully used any of the staff, material or other resources of the Alberta Housing Corporation or its predecessor for his or her personal benefit and if so, whether in connection

THE COMMISSIONER: (cont.)

therewith any person wrongfully altered or destroyed any of the records of the Alberta Housing Corporation or its predecessor.

(d) Whether any person during the said period wrongfully used his or her position or office to cause the Alberta Housing Corporation or its predecessor to make any purchases of land or to award any contracts for services.

(e) Such other matters as may be deemed relevant by the Commissioner to ensure a fair and full inquiry and to enable him to make his report."

Now, I don't propose that we make any witch-hunt in these proceedings. The terms of reference are there and I propose that we will keep within the terms of reference as far as humanly possible. It may be that some people may want to go outside but I don't think we will conduct any Watergate investigation or anything like that. We will deal with what has been referred to us. There may be some incidental matters that come up, I don't know what they are.

Mr. McLennan, you are acting?

MR. McLENNAN:

Yes, My Lord, I have been appointed counsel to the Commission.

THE COMMISSIONER:

Well, are we all on this? I want to get counsel, that's all.

MR. McLENNAN:

Mr. Redmond, My Lord, appears for --

THE COMMISSIONER:

Mr. Redmond acts for whom?

1-JW-3

MR. McLENNAN:

Mr. Achtem.

THE COMMISSIONER:

Yes.

MR. McLENNAN:

Mr. Steer appears for Mr. Orysiuk.

Mr. Stevenson --

THE COMMISSIONER:

Just a second, how do you spell

Orysiuk?

MR. McLENNAN:

O-r-y-s-i-u-k.

Mr. Stevenson appears for Mr. McColl.

THE COMMISSIONER:

C-o-l-l?

MR. McLENNAN:

C-o-l-l.

Mr. Murray appears for Mr. Weir.

Mr. Stack --

THE COMMISSIONER:

Who?

MR. McLENNAN:

Mr. Stack.

THE COMMISSIONER:

Oh, yes.

MR. McLENNAN:

Appears for Gateway Lumber, Gateway

Building Supplies I think it is.

THE COMMISSIONER:

Yes.

MR. McLENNAN:

I think that's all the present

counsel.

THE COMMISSIONER:

You haven't dignified any of these

gentlemen whether they are Queen's Counsel or not. I assume

that all of them are or nobody is.

MR. McLENNAN:

Mr. Redmond, Mr. Steer, Mr. Stack

are Queen's Counsel.

THE COMMISSIONER:

Who?

MR. McLENNAN:

Mr. Stack, Mr. Redmond, Mr. Steer.

1-JW-4

THE COMMISSIONER:

What happened to Mr. Stevenson?

MR. McLENNAN:

I think it would be fair to say

Mr. Stevenson ought to be Queen's Counsel.

THE COMMISSIONER:

I thought that he probably was.

He has given us so much trouble in another case.

MR. STEVENSON:

Sir, Mr. Lefever is associated

with me. L-e-f-e-v-e-r.

THE COMMISSIONER:

Have you discussed with the gentlemen how you propose to proceed?

MR. McLENNAN:

I have discussed the proposed order of the witnesses, My Lord, and that changed at 9:15 this morning when our first witness who was scheduled to be Mr. Chris Harder advised me through his counsel, Mr. Shewchuk --

THE COMMISSIONER:

He is not here, is he?

MR. McLENNAN:

He is not, sir. He advised me that he was engaged in an important interview out of the City and couldn't be here today. Presumably he will be here sometime this evening and will wish to testify tomorrow morning.

THE COMMISSIONER:

I assume we can carry on, can't we?

MR. McLENNAN:

I assume so, My Lord.

THE COMMISSIONER:

I mean life won't end.

MR. McLENNAN:

I have advertised the terms of reference, and offered an invitation of any persons having matters, information or knowledge in connection with the items referred to in the terms of reference, to come forward and contact me. On two occasions in the following newspapers, The Edmonton Journal, Calgary Albertan, The Calgary Herald, The Leduc Representative, The Fort McMurray Courier and two newspapers in Drumheller, The Big Country News and The Mail.

There was a further advertisement after the inquiry was scheduled to open today advertising of that fact. As a result of that advertising I received three pieces of

B. R. Orysiuk - McLennan Ex.

MR. McLENNAN: (Cont.) information, one of which was clearly wrong, one of which is not relevant and the third was a person who arranged an interview on three separate occasions and never attended for the interviews.

I have requested Mr. Dowling who is the president of Alberta Housing Corporation, to circulate the terms of reference, coupled with a letter from myself requesting that any employee who has any information come forward and Mr. Dowling has advised me that he circularized all of the employees of the Corporation and as a result of that circularization I have received no information from employees.

The first witness I propose --

THE COMMISSIONER:

I want to correct one thing,

Mr. McLennan. I notice here in our admirable Albertan from Calgary a piece published February 22nd, 1974, the heading of which is, Judicial Inquiry to Clear A.H.C. I want to correct any impression that this case was not made for the purpose of clearing A.H.C., it is an investigation in the terms of the Order-in-Council and you will keep that in mind, I hope.

MR. McLENNAN:

Fine, My Lord. The first

witness I propose to call is Robert Orysiuk, My Lord.

BOHDAN ROBERT ORYSIUK, sworn, examined by Mr. McLennan:

Q Mr. Orysiuk, what is your present occupation, sir?

A At the moment I own my own company called Orysiuk and Associates, which is a consulting company. I recently left the firm known as National Land Consultants.

1-HSA-3

B. R. Orysiuk - McLennan Ex.

Q What activity generally is your present firm engaged in?

A Primarily consulting on developments and planning.

Q Land developments?

A Yes.

Q And you, at one time, were an employee of Alberta Housing Corporation?

A That is correct.

Q And what was your title with that corporation?

A Executive Director, as the last title. It started as the Administrator of the Housing and Urban Renewal Act, I believe it was at the time.

Q Mr. Orysiuk, at that time you assumed those duties you were an employee of the Government?

A That is right.

Q What was your job with the Government?

A Previous to that?

Q Yes.

A It was a Town Planner with the Planning Branch of the Department of Municipal Affairs.

Q And this new job came up with regard to Alberta Housing, did it?

A It came up as a result of the passage of this Act in the Provincial Legislature and required an administrator to administer the Act, pursuant to that legislation, and it was in the Department of Municipal Affairs.

Q All right, and was that a competition job?

A Yes it was.

1-HSA-4

B. R. Orysiuk - McLennan Ex.

Q So that it was advertised, and all Civil Servants, amongst other people, had a chance to bid on it?

A Yes they did.

Q And you made an application and were the successful candidate?

A Yes I was.

Q Now at that time, sir, the body you went to work for was the Alberta Housing and Renewal Corporation?

A No it was not. At the appointment to that position it was part of the Department of Municipal Affairs.

Q I see, so you mean you were still an employee of the Department of Municipal Affairs?

A That is correct.

Q Now at that time, sir, what were your education and experience qualifications that suited you for that position?

A I had received about four years University training in Geography and Public Administration -- Municipal Administration was the course that I had taken. With my experience in Planning I was admitted to the Town Planning Institute of Canada and received accreditation under that Institute. I had been involved in the planning field for several years with the Provincial Government, and based on my activity with the Planning Department, and particularly I think as it related to the first urban renewal project being in Medicine Hat, this gave me perhaps some edge over others who had applied.

Q All right, and what year was it that you took this new job?

A Be about 1965.

Q And at that time how many other employees were there?

1-HSA-5

B. R. Orysiuk - McLennan Ex.

A With that section?

Q Yes?

A There was myself and one secretary.

Q And is my information correct that that body was in title, The Alberta Housing Committee?

A I think so. It was made -- there was a sort of quasi governmental body that was made up of six people, two of which were Federal representatives, two of which were Municipal representatives and two Provincial representatives, and I in essence was acting as secretary to this body, and the function of that body was to advise the Minister in dealings under the Act at the time, primarily because of the fact that it had a direct relationship to the National Housing Act, and there was a lot of joint development and joint work to be effected.

Q Were the members of the original committee Mr. J. J. Stirton, Manager of C.M. and H.C. in Edmonton, Mr. W. G. Riley, Manager of C. M. and H.C. in Calgary, Mr. A. W. Morrison, the Deputy Minister of Municipal Affairs of the Provincial Government, Mr. Noel Dant, the Provincial Planning Director and Mr. Ross L. Ellis, the Town Administrator of High River and Kenneth G. Neuman, an Alderman of the City of Edmonton?

A Yes.

Q Now, when did that committee become the Alberta Housing and Urban Renewal Corporation?

A I think it was about a year or two later after that.

Q Yes, and at that time did you acquire more employees under

1-HSA-6

B. R. Orysiuk - McLennan Ex.

Q (Cont.) your control?

THE COMMISSIONER: Wasn't the company incorporated --
when was it incorporated?

MR. McLENNAN: I think it was incorporated
before it commenced to function and then the committee was
disbanded, My Lord.

You see this body that Mr. Orysiuk has told us about now
was simply a committee with no legal status, and then the
Alberta Housing and Urban Renewal Corporation came into
existence whereby it acquired a staff, and the committee that
I have earlier mentioned was disbanded. Is that correct,
Mr. Orysiuk?

A Yes.

THE COMMISSIONER: I have taken a look at the
statutes and it seems to me that the Act was passed in 1952.
There was an Alberta Housing and Urban Renewal company,
wasn't there?

MR. McLENNAN: Mr. Riley will give evidence
in that regard, sir, and outline the legislative history
which created the corporation.

THE COMMISSIONER: Yes. Apparently ended up in
Chapter 157 of 1970. I was just trying to get the history
of it myself, but that is what I was looking at.

MR. McLENNAN: Yes, Mr. Riley will give that
evidence tomorrow morning, My Lord.

THE COMMISSIONER: All right, but it was not
operative, I take it, from this witness?

1-HSA-7

B. R. Orysiuk - McLennan Ex.

MR. McLENNAN: No sir.

THE COMMISSIONER: Because it was certainly incorporated in 1952, that is when the Act was passed, whether anything was done with the Act I don't know.

Q MR. McLENNAN: When did you acquire your own premises and your own staff Mr. Orysiuk?

THE COMMISSIONER: Why don't we get the date, the time that this witness was appointed to the corporation.

MR. McLENNAN: Well he became, a title called the Administrator of the Alberta Housing and Renewal Committee, and that committee --

THE COMMISSIONER: That apparently wasn't under the Act at all.

MR. McLENNAN: Under the Act, My Lord?

THE COMMISSIONER: Well the 1952 Act?

MR. McLENNAN: No sir.

THE COMMISSIONER: Then in 1955 there was another Act of Legislature and in 1968 there was another one and in 1970 another one. It looks to me as though the company wasn't doing anything up until a certain stage and I am trying to find out when he became an employee of the Housing Corporation, or its predecessor.

Q MR. McLENNAN: Can you tell us that, Mr. Orysiuk?

A Well it was approximately '67 when the legislation changed and established the corporation. I believe that was the year, either '67 --

1-HSA-8

B. R. Orysiuk - McLennan Ex.

THE COMMISSIONER: Well it was established in 1952.

A It was non-operative.

THE COMMISSIONER: It looks like that, somebody passed an Act that wasn't an Act.

Q MR. McLENNAN: What was the initial function of the committee of which you were appointed the administrator?

A The function was to receive applications from municipalities that wished to participate under the legislation and financial benefits under that Act, to consider these applications and make recommendations to the Minister at the time. It also recommended budgets, I believe, to the Minister, but the prime purpose was to receive applications.

1-MTH-1

B. R. Orysiuk - McLennan Ex.

Q According to the Minute Book which I'm looking at now, Mr. Orysiuk, on May 9th, 1967, the Minutes commence, being the Minutes of The Alberta Housing and Urban Renewal Corporation instead of The Alberta Housing and Urban Renewal Committee. Would that coincide with your memory?

A Yes, yes.

Q And at that time the meeting was advised that the Chairman, Mr. Morrison, described generally the function of the corporation and amplified on some of the points covered by Order-In-Council number 765/67 with regard to the specific duties of the corporation. I'll obtain that Order-In-Council, My Lord, and produce it.

THE COMMISSIONER: That looks like the time that the company became operative.

MR. McLENNAN: Yes.

Q MR. McLENNAN: Mr. Orysiuk, then --

THE COMMISSIONER: What was that date?

Q MR. McLENNAN: May 9th, 1967 appears to be the first set of Minutes of the Alberta Housing and Urban Renewal Corporation. Commencing at that time, Mr. Orysiuk, did your duties and jurisdiction change?

A I was appointed either simultaneously or subsequently to that as the executive director of that corporation and up until that time we had assembled some staff. I'm not exactly sure how many but there were, if I can remember correctly, about four people or five people by that position in time.

Q And where were your offices at that time?

1-MTH-2

B. R. Orysiuk - McLennan Ex.

A Oh, in '67 - I'm not sure whether we had transferred to the Stanley Building or still at the - I think we had transferred to the Stanley Building on Kingsway and 118th Avenue, on Kingsway.

Q It would appear from the Minutes of the Corporation, Mr. Orysiuk, that sometime between August 4th, 1967, when you were still described as acting secretary and November 7th, 1967, when you were described as executive director, that your title changed?

A Probably.

Q Does that coincide with your memory?

A Yes.

Q All right. Did you then move out of the Department of Municipal Affairs Building?

A I'm not exactly sure what date we moved, I can't remember at this point but we had been operating in the Department of Municipal Affairs initially as part of the Planning Branch and then we obtained offices on the, I believe it was on the main floor, offices of our own and were there for a period of time. I'm not sure exactly when we moved to the Stanley Building.

Q All right. When you moved to the Stanley Building, how much premises and personnel did you have under your control?

A There would have been about twenty people approximately.

Q And how were they recruited?

A By advertising.

Q Civil Service competition?

A Yes, that type of thing. We did our own advertising, I think though.

1-MTH-3

B. R. Orysiuk - McLennan Ex.

Q And what jurisdiction did the corporation acquire, from the time you first became executive director?

A In what way do you mean?

Q Well, to start with you, the Corporation simply acted more or less as a conduit type for C.M. & H.C. funds into the Province of Alberta?

A To municipalities, yes.

Q All right. As time went on, you acquired increasing responsibilities?

A Yes.

Q What additional responsibilities did you acquire?

A Well, maybe it would be better if I could start right from what we were doing initially as a committee and then work right into --

Q -- all right.

A Would that be in order?

Q Sure?

A Primarily we started with two programs under the Act when it was initially enacted. These were in public housing and urban renewal. As we progressed through the, a couple of years of operation, these programs were expanded and the legislation was expanded to include additional programs such as land assembly and subsequently staff housing, senior citizen housing, metis housing. We were subsequently, all the staff housing in the Government was transferred over to the Corporation for administration and provision for further housing and maintenance - I think those generally. When we

1-MTH-4

B. R. Orysiuk - McLennan Ex.

A (continued) were initially formed as a corporation, if I remember correctly, insofar as responsibility, financial responsibility was concerned, we came under an Act that required us to have all our financing done through the, or all our cheques, any cheques that we had written were all pre-audited, yes, pre-audited by the Audit Department and that subsequently changed where we had our own bank account and did our own cheque writing.

Q Can you tell me what year you commenced operating your own bank account?

A I'm not sure exactly but it would have been around '69.

Q How many employees did you have when you started, under you personally?

A One.

Q And what year did you leave the Corporation?

A In 1972.

Q What month?

A November.

Q How many personnel did the Alberta Housing Corporation as it was then known, have under it?

A Approximately one hundred.

Q And what kind of a budget did it have the year you left, in 1972?

A Including the areas that, in calculating some of the Federal funds as to our administration, I would say between \$70 and \$90,000,000.

Q Now, I take it that the majority of that increased personnel

1-MTH-5

B.R. Orysiuk - McLennan Ex.

Q (continued) and budget occurred from 1967 to 1972?

A Yes.

Q Now, can you tell me what your initial involvement and the initial involvement of the Corporation was with regard to the Mill Woods land assembly?

A Our initial involvement was a concern by the board of directors and myself about the high cost of land in the City of Edmonton and in such discussions, we concluded that we should offer assistance to the City in this regard in attempts to try and alleviate the shortage and the resultant high cost of land. We, a letter was written from the Minister's office to the Mayor of the City of Edmonton, offering this assistance and drawing attention to the high cost of land and the possibility of the City using the services of the corporation in acquiring a land bank or something of this nature to offset the problem and to be able to utilize the funds that were available under the Federal National Housing Act.

Q Would that have been in the summer of 1969?

A Yes.

Q And the City of Edmonton expressed some interest in that proposal?

A Yes, they did. They met with us very promptly, probably about a day or so later. There was a meeting between the Mayor and I believe the City Commissioner at the time, the Minister and myself and I think there was somebody else present from the Government, from the Provincial Government as well.

Q And did they advise you that they had a similar concept that

Q (continued) they had been considering?

A I think at that initial meeting, primarily they discussed the fact that they were definitely interested in our proposal and before they elaborated on their interest specifically, they wanted to know what conditions and what arrangements would be effected to, or used by us in assisting them to acquire land if they so decided. I think then there was a subsequent meeting, at which time they enlarged on the fact that they had done some or a considerable amount of planning research and had identified an area and that they were considering doing such a project themselves.

Q Yes. Whose decision was it to proceed on the south-east area of Edmonton, known, no^u known anyway, as Mill Woods?

A It was the City of Edmonton's.

Q And did Alberta Housing Corporation have anything to do with the making of that decision?

A No, other than we were asked whether we concurred with that recommendation and we didn't see any reason not to.

Q And what happened next in connection with that?

A We were then appointed - there were two people that were then appointed to set up the mechanics to effect this: one from the City of Edmonton and that was Dr. Peter Bergen, who was the Chief Commissioner at the time and myself from the Corporation. This, because of the fact that we felt that this was a highly secretive exercise, it was restricted to those two people initially in the discussion stage.

Q And what proceeded from the discussions that were held?

1-MTH-7

B.R. Orysiuk - McLennan Ex.

A From the discussions we proceeded to work out the mechanics of how this could be achieved, the approximate funding of such an exercise and how it could be carried out.

Q And did you arrange for the funding?

A Well, at that time we made an initial inquiry from the Central Mortgage and Housing Corporation to see whether or not funds of this amount were available and we didn't want to proceed with a formal application; it was an inquiry in confidence. They expressed that they would probably have to pull funds from other areas because of the magnitude of the proposal and however, we just expressed it to them that this was just what was being proposed in the City.

Q Well, did you eventually get authority from C.M.H.C. to proceed?

A We did not get written authority but we were given a verbal understanding and I think at that time that was basically what we were interested in, was to get an indication from them of the participation by them in such a project.

Q And was it necessary to create a proposed budget for that acquisition?

A To C.M.H.C., you mean?

Q Yes?

A Not at that time. What we did was once we had agreed to, internally between the City and the Province to proceed with this, we then undertook to prepare an extensive document which supported the approach being taken, the area that was being considered, the location, the intent and the objective of

1-MTH-8

B.R. Orysiuk - McLennan Ex.

A (cont.) undertaking such an acquisition. The majority of this information was already compiled by the City of Edmonton through the, by Mr. Elwood, I believe.

Q At what stage were you given authority by, I presume Mr. Colborne, the Minister of Municipal Affairs, to take control and arrange for the assembly of this land?

A It would have been in the summer. I'm not exactly sure what date but it would have been in the summer of '69.

2-JW-1

R.B. Orysiuk - Examined by Mr. McLennan

MR. McLENNAN:

And was it clear that the purchasing of this land and the delineation of the area in which you were to purchase at the price you were to pay was all your responsibility?

A Yes, from the Provincial standpoint.

Q Yes. And what did you proceed to do then --

THE COMMISSIONER:

Didn't you have a Board of Directors?

A Pardon me?

THE COMMISSIONER:

I thought you had a Board of Directors.

A Yes, we did. This was discussed with the Board, sir.

THE COMMISSIONER:

I thought you said you got it from the Minister.

A The Minister was a chairman of the Board at the time.

THE COMMISSIONER:

Oh, was he?

MR. McLENNAN:

I'm not sure that's correct, Mr. Orysiuk.

MR. STEER:

I would assume Mr. McLennan meant when he said your responsibility, the Corporation's.

THE COMMISSIONER:

Oh, I would think he meant that, yes.

A It could have been Mr. Morrison at the time. He was chairman for a while and then it was transferred to Mr. Colborne.

MR. McLENNAN:

Yes, but in any event it was Mr. Colborne's meeting with Mr. Bargaen that agreed that the Province would go forward and fund this --

2-JW-2

R.B. Orysiuk - Examined by Mr. McLennan

A Yes.

Q -- and that Alberta Housing Corporation would be the vehicle that accomplished the job.

A Yes.

MR. McLENNAN: I'm not sure, My Lord, whether I can produce the minute authorizing this project but perhaps you can make it clear, Mr. Orysiuk. There isn't a great deal of writing, either letters or minutes or any other writing in connection with this project; could you tell the court why.

A Well, it was felt that this should be kept to an absolute minimum due to the secrecy of it. Had there been any leakage in the whole idea, the whole project could have been scuttled or would have to have been aborted. The land prices would have escalated so high that we could never have achieved the objective of buying at a fair value.

Q All right. Now, at some point you received this authority to proceed and acquire this land.

A Right.

Q What did you then do and with whom did you consult as to the mechanics of going about the land purchase, and as to the area within which you were going to buy.

A The majority of the discussions occurred between Dr. Barga of the City and myself, and during those meetings it was delineated as to who was going to be responsible for what portion of the assembly. Because it was looked upon as more than just a land assembly, it was looked upon as an assembly,

A (cont.) a servicing, a developing, and a production of land, of residential land on the market to offset and reduce the costs of residential land in the City of Edmonton, So, there were more discussions than just the land assembly aspect of it; it related to all these other factors.

Now, in those discussions it was concluded that the City wished to remain the planners for the area and the developers, and our function, prime function, was that of the land assembly aspect. The reason being they had already done a considerable amount of planning there, town planning; they had looked at it from the standpoint of servicing and really one of the reasons why they came to us and were so anxious for us to participate was because the land extended outside of the City corporate limits, and therefore if they had to be able to acquire that land they would have had to have gone to the rural municipality at the time to obtain their permission. This was required under the Municipal Government Act and therefore they felt if they had done that they couldn't achieve their objective.

THE COMMISSIONER:

You had the power in your company to expropriate if you wanted to?

A Yes, we did, sir. So, from that point on it was decided at these meetings that our function or our corporate function was that of land assembly, or to assemble the land and to arrange the financing for the purchase of that land, and that the City's responsibility would be that of planning, developing, and marketing; and that they would acquire the land from us

2-JW-4

R.B. Orysiuk - Examined by Mr. McLennan

A (cont.) in stages as the development was necessitated to offset the supply and demand situation on the market.

Q All right. Did you discuss with the City the method you would use to acquire these lands?

A Not in great detail. We discussed the retention of agents to do this. We didn't really go into the detail, into the strategy of the acquisition; it was primarily the agents that we discussed with them.

Q All right, who did you discuss strategy with?

A The strategy was primarily between myself and Mr. McColl of the Corporation.

Q And what strategy did you consider?

A We considered --

THE COMMISSIONER: Who was the gentleman with whom you --

MR. McLENNAN: Mr. McColl.

A Mr. McColl. The strategy we concluded is that we should break the area up into sections, or into sectors and acquire it on that basis; and as a result of these discussions and the subsequent engagement of agents to do this we started acquisition from two ends of the area, one from the extreme south end and one from the extreme north, both working towards the centre.

Q All right, I am showing you, Mr. Orysiuk, a plan of the Mill Woods area with a lot of varying colours and scratch marks and things on it; do you recognize that?

A Yes.

Q And what is it?

A It is the boundaries at the areas that we were using for the

2-JW-5

R.B. Orysiuk - Examined by Mr. McLennan

A (cont.) acquisition, and it indicated the land ownership and I think these are the holdings of the particular people in the area.

Q When you say these are the holdings, could you explain that for the transcript?

A Well, for example, a Mr. Minchau owns one quarter in the actual designated area but he owned two other quarters outside of the area, and to acquire his land it was necessary to acquire the three quarters.

Q All right. Now, the map that you are looking at is divided into, appears to be eight units, is that correct?

A M-hm.

Q What's the significance of eight units?

A To be honest with you I think those were the units that we were looking at acquisition on, and we thought that these would be the units that would give us the least difficulty in the acquisition because you will notice some of the others have a lot of small holdings and consequently could have been much harder to acquire. Other than that, I can't remember specifically why we divided it into those units.

Q Who prepared this map?

A The base map?

Q No, the endorsements on the base map.

A Some of them look like my printing and some look like Mr. McColl's.

Q And does this appear to be the map the two of you worked on in considering strategy?

2-JW-6

R.B. Orysiuk - Examined by Mr. McLennan

A It looks like it, yes.

MR. McLENNAN: Might that be marked, sir.

THE COMMISSIONER: It will be Exhibit 1.

MAP ENTERED AS EXHIBIT 1.

MR. McLENNAN: Mr. Orysiuk, I am given to understand that the division of the area into eight units was consistent with an idea that you would select eight different law firms each of whom would attempt to acquire the land in one unit.

A That might have been the case, I can't remember specifically.

Q All right. Can you think of any other reason for dividing it into units?

A Only from the acquisition point that, of the type of land uses that you have. You have some light industrial, you have some agricultural and you have some small holding areas, and from the expediency of acquisition.

Q I see.

A But that could have also been a point, that of dividing into that many for agent purposes.

Q Yes. All right, you next proceeded to determine physically how you would acquire these lands.

A M-hm.

Q What did you do in that regard?

A We retained agents to do this.

Q Well, who decided to retain agents to do it?

A It was my decision.

Q In consultation with anyone?

2-JW-7

R.B. Orysiuk - Examined by Mr. McLennan

A Mr. McColl.

Q And Mr. McColl at that time was your assistant --

A That's right.

Q -- executive director.

A That's right.

Q And what did you decide to do with regard to retaining agents?

THE COMMISSIONER: Just a second, do I understand that you were purchasing all this property or acquiring it, whichever way you like to call it?

A Yes.

THE COMMISSIONER: The City had nothing to do with it?

A No.

THE COMMISSIONER: They were just going to purchase from you as they required land; you were getting it and putting it together.

A That's right, sir.

THE COMMISSIONER: You were going to own it yourself.

A That's right, sir.

THE COMMISSIONER: But you weren't actually selling houses or anything like that?

A No, sir.

THE COMMISSIONER: When I say you I am referring as Mr. Steer points out, to the Corporation; I'm not talking about you personally.

MR. McLENNAN: In fact you didn't even have an agreement with the City up until the time you acquired all the lands?

R.B. Orysiuk - Examined by Mr. McLennan

A That is correct.

THE COMMISSIONER: If the City hadn't taken it, what were you going to do with it?

A Pardon me?

THE COMMISSIONER: What would you do with it if the City didn't want to take it, without an agreement.

A Well, there was a gentleman's agreement between the --

THE COMMISSIONER: As long as you are working with gentlemen, but do they always stay gentlemen?

A I hope so, sir.

MR. McLENNAN: Mr. Orysiuk, you and McColl then decided that you would appoint agents to acquire the lands.

A Yes.

Q Who did you decide that you would obtain as agents?

A We initially looked at one firm and that was Lieber, Koch and Achtem, and specifically Mr. Achtem of that firm.

We secondly looked at another firm Clement Parlee, a Mr. Newton or a Mr. Mustard; I think it was Mr. Newton.

Q All right, you then decided to use lawyers to acquire the lands for you.

A Yes, this came out -- if I can enlarge on that, Mr. McLennan, came out of discussions with the City and that they had initially approached a legal firm in Red Deer, the name of which I don't remember now, but --

THE COMMISSIONER: Who had approached?

A The City of Edmonton.

MR. McLENNAN: Mr. Beames, would it be?

2-JW-9

R.B. Orysiuk - Examined by Mr. McLennan

A It could have been. And because of the secrecy of it it was felt that it would have been better to use solicitors to acquire the land rather than going to realty agents or real estate companies.

Q And that was the City's initial idea?

A Yes, it was.

Q And it was consistent with that idea that you and Mr. McColl decided that you would use law firms to acquire these lands?

A Yes.

Q Now, at some point you ended up using two law firms.

A Yes.

Q At some point, my information is, Mr. Orysiuk, that the original idea to use a number of different law firms got down to using two law firms, the two you have mentioned. Can you tell me how that came about?

A Well, in analyzing the amount of time that legal firms could spend, et cetera -- to be honest with you I don't know specifically why it only ended up with two. There are reasons for that, however, in approaching Mr. Achtem of the firm of Lieber, Koch and Achtem, one of the things that we wanted to do was to ensure that once the acquisition started that his entire time would be devoted to this acquisition, and we wanted him to be as expedient and as efficient as possible in so achieving that. So, consequently to use legal firms and have the solicitor devote his full time could be quite an encumbrance on him in view of the fact he may have a considerable amount of clients, but those were some of the considerations.

THE COMMISSIONER:

Was this gentleman a man who had
no clients?

A Pardon me?

THE COMMISSIONER:

Was this gentleman a man who had
no clients and he could devote his time to this?

A No, sir, but he had -- maybe it was just a point in his
practice and the fact that he was doing a considerable amount
of work in real estate that he could so organize his time that
he could devote the full time to this.

MR. McLENNAN:

Well, presumably if that was a
consideration, the time factor, it would be simpler to have
six or eight lawyers or six or eight firms doing it than one
or two.

A It could have been.

Q Doesn't that stand to reason?

A But it was not. Yes, it would stand to reason.

Q I just wonder -- if you can't tell me that's fine, sir, why
you ended up with only two law firms when the original idea
was six or eight.

A I can't tell you more than what I have already conveyed.

Q All right, fine. Dealing with the one law firm, that is
Clement Parlee and Mr. Mustard and Mr. Newton of that firm,
Mr. McColl dealt directly with them, did he not?

A Primarily, yes.

Q And he contacted them and outlined the terms of reference and
arranged for the fee and that sort of thing?

A Yes, he did.

Q And you on the other hand looked after Mr. Achtem's involve-

2-JW-11

R.B. Orysiuk - Examined by Mr. McLennan

Q (cont.) ment?

A Yes.

Q Now, can you tell me when you first contacted Mr. Achtem in this regard and the nature of the contact and the nature of your instructions to him.

A I initially contacted him, it would have been either in July or the first part of August. I approached him on the basis --

THE COMMISSIONER: What year are we talking about?

A 1969, sir. I approached him on the basis of whether -- well, firstly I phoned him and asked him if he would come to my office, which he did; and I inquired to him as to whether or not he could, he would be interested in doing some work for us. He mentioned at the time that he was going to be away for a few days on holidays and subsequently he would come back and he would come back and discuss this with us further.

Q Now, at that time had he previously done work for Alberta Housing Corporation?

A No.

Q Mr. Orysiuk, when I say Alberta Housing Corporation, I mean that or any of its predecessors.

A I understand.

Q He hadn't worked for the Corporation before?

A Not to my knowledge, no.

Q And what brought about his selection, if anything?

A I was familiar first with the firm, secondly I was familiar with, to some degree with Mr. Achtem's activity in the real estate -- his interests in real estate and pursuing that end.

A (cont.) He had been active there and that was one of the prime reasons. I also knew that he was a young lawyer who was apparently quite aggressive in this area and this was the sort of type of individual we were looking for.

Q Well, did you know him personally before this?

A Only on a casual acquaintance basis.

Q You were aware of the reputation of the firm, eh?

A Yes.

Q In land dealings particularly?

A Yes.

Q All right. And you discussed the matter with Mr. Achtem; after he expressed some interest you discussed it in detail with him?

A Yes, we did.

Q And he was prepared to undertake the assignment?

A Yes, he was. He was prepared to devote his full time as long as it took to acquire the lands that we were looking at.

Q What were your instructions to him then?

A Our instructions were initially, even before we embarked on the conversations with him, expressing the point of secrecy and that there was to be no discussion about this subject with anyone at any time.

After he agreed to take the assignment we then outlined the general area and instructed him to proceed on those bases. We initially gave him a letter of undertaking; he subsequently came back and requested an agreement to be entered into between the Corporation and himself, which we did and he proceeded from there.

2-JW-13

R.B. Orysiuk - Examined by Mr. McLennan

Q I am showing you a letter dated August 28th, 1969, apparently under your signature; do you recognize that?

A Yes, I do.

THE COMMISSIONER: What's the date?

MR. McLENNAN: August 28th, 1969.

And is that the initial piece of writing between you and Mr. Achtem?

A Yes, it is.

MR. McLENNAN: Perhaps I'll read it, My Lord.

THE COMMISSIONER: Perhaps you better mark it.

MR. McLENNAN: Yes, I'm sorry.

Might that be Exhibit 2.

THE COMMISSIONER: Exhibit 2.

LETTER DATED AUGUST 28th, 1969
ENTERED AS EXHIBIT 2.

MR. McLENNAN: It's addressed to Messrs. Lieber, Koch and Achtem, attention Mr. E. Achtem.

"Dear Sir:

Pursuant to our recent discussions, this will formally authorize you to acquire lands in the designated area, specifically in the south-east portion of the City in the County of Strathcona. More specifically, the lands to be acquired will be confirmed through verbal conversations because of the secrecy of the project.

Your fee for the commission work will be established in two parts -- firstly, the normal legal fees as established under the legal tariff and secondly, a five per cent fee for the lands acquired in

2-JW-14

R.B. Orysiuk - Examined by Mr. McLennan

MR. McLENNAN: (cont.)

the area based on the purchase price of same.

Please be advised that you are also authorized to engage such other agents as you deem necessary to effect the above mentioned acquisitions. This authorization, however, is conditional on obtaining my approval or that of Mr. D. McColl of this office. It is also understood that you are responsible for any engagement costs incurred.

Yours truly,

'B.R. Orysiuk'
Executive Director. "

Now, at that time, Mr. Orysiuk, had you discussed the question of fees with Mr. Achtem?

A Yes, we had.

Q And what discussion did you have with regard to fees?

A His request and our approach to him was asking what his fee would be to undertake this. His response to this was that he would want to be paid five per cent fee and that this payment be made over a five year period.

Q Why over a five year period?

THE COMMISSIONER: I just filed mine last week too.

A For tax purposes, I presume, sir.

Q Well, is there any doubt that was --

A No.

Q All right. And was the letter that is marked Exhibit 2 sent in the mail to Mr. Achtem?

A I don't believe so; I think he was handed that letter. It may

2-JW-15

R.B. Orysiuk - Examined by Mr. McLennan

A (cont.) have been, I'm not sure.

Q And how did you arrive at the five per cent figure?

A Well, in our discussions previous to this with Dr. Bargen, this was an amount which the lawyer from Red Deer wished to have in carrying out the undertaking.

THE COMMISSIONER: What's that chap you were discussing it with, I didn't catch the name.

A Dr. Bargen, the Chief Commissioner of the City of Edmonton.

THE COMMISSIONER: That's a good name for a man buying land. Is that B-a-r-g-a-i-n?

A B-a-r-g-e-n, I think. And in his discussions with the solicitor from Red Deer that was a fee the solicitor, the particular solicitor requested. We also considered the fact that in acquiring lands, especially in an area like this where they are primarily rural lands, the commissions to be paid for such through realtors is in the vicinity of seven to ten per cent. Based on that fact and the fact he was going to be devoting his full time to this, and the point that Dr. Bargen had raised in his previous discussions, it appeared to be an equitable fee to be paying.

Q All right. You never spoke with Mr. Beames, the lawyer in Red Deer?

A No, we never have.

Q Do you know what he was referring to at five per cent; was it nine million dollars worth of land or seven million dollars a quarter section?

A I don't think any of the people including Mr. Achtem really

2-JW-16

R.B. Orysiuk - Examined by Mr. McLennan

A (cont.) knew the extent of it when they were first talking about the assembly. Maybe Mr. Beames knew in Red Deer, I'm not sure.

Q You appreciate it's different, five per cent of ten thousand dollars isn't so much money but five per cent of three or four million is quite a bit.

A Yes, it is.

Q You don't know what Mr. Beames was talking about in talking about five per cent?

A No, I'm sorry, I don't.

THE COMMISSIONER: What was Beames going to do, the City was talking to him, were they not?

MR. McLENNAN: The City had originally discussed with Mr. Beames in Red Deer, apparently, the idea that he might act as their agent in acquiring some land.

2-HSA-1

B. R. Orysiuk - McLennan Ex.

Q In any event, Mr. Orysiuk, you struck on 5% with Mr. Achtem?

A That is correct.

Q And --

THE COMMISSIONER: Well, did the witness say he
did not know what the extent of this was?

MR. McLENNAN: I was just going to go into that,
My Lord.

THE COMMISSIONER: I am sorry.

Q MR. McLENNAN: Now, at the time you arrived at
5% did you contemplate how much land Mr. Achtem was going to
be able to buy?

A Well it was difficult for us to anticipate his capability,
but maybe in general terms, yes.

Q And you had an area in mind that he was to work on?

A Yes, generally.

Q And some idea of how much money acquiring that land was going
to cost?

A Yes, generally.

Q And hence some idea what 5% would be in the dollar figure?

A Again it would have depended extensively on how capable he
was in acquiring the land.

Q Or it would depend on what authority you gave him to buy.
If he could pay up to five thousand an acre he would be
able to buy a lot of land?

A Oh, yes.

Q So within the confines of the dollar jurisdiction you
conferred on him you didn't know how much land he could buy

2-HSA-2

B. R. Orysiuk - McLennan Ex.

Q (Cont.) for that amount of money?

A Right.

THE COMMISSIONER: Well that is all right, but what was the dollar amount?

Q MR. McLENNAN: What did you contemplate, when agreeing to 5% how much land did you project that you were going to be able to buy?

A Well we were agreed on the fact that there were going to be commissions paid.

Q Yes?

A This was an expenditure to a project such as this, and a 5% fee was not out of the question. As a matter of fact the fees for such an undertaking could have run as high as 10% for all the land, this was not something that was improbable.

Q Let me interrupt you there, why would it run as high as 10%?

A Well because the majority of this land was rural land.

THE COMMISSIONER: Yes, but you always had the right to expropriate?

A But you still have to pay market value.

THE COMMISSIONER: I agree you have to pay for it, you don't get it for nothing, but on the other hand if you couldn't get it for a reasonable price you could expropriate?

A You could, but politically it is not sometimes the most expedient method of acquisition.

THE COMMISSIONER: Well you weren't a politician,

THE COMMISSIONER: (Cont.) or were you?

A No.

Q MR. McLENNAN: Maybe we could deal with this point, sir. Was the question of expropriation considered either by the province or by the City of Edmonton?

A We weren't going to consider it until such time as it was absolutely necessary.

Q Well if you made that decision you must have considered it and decided not to do it?

A There was no need, in our minds, I don't think we considered it on one piece of property.

THE COMMISSIONER: Well did you consider whether you would buy it in this manner or you would appropriate it?

A We felt that we would be able to buy it.

THE COMMISSIONER: So you considered the expropriation, didn't you?

A Not as a method of acquisition, only as a last resort sort of situation.

Q MR. McLENNAN: Well why then?

A Because we felt we could acquire the land at a reasonable market value because there wasn't that much activity in the area, from a real estate standpoint, and that we could get fair prices on the land.

Q Did you consider that was a better method than expropriating?

A Yes.

Q From what point of view?

A It didn't produce -- it is always better to acquire a piece

2-HSA-4

B. R. Orysiuk - McLennan Ex.

A (Cont.) of property between a purchaser and a seller on an amicable basis, and when you are paying fair market value, rather than extend it to the procedures of expropriation.

Q That was your policy anyway, was it?

A Yes.

Q All right, and it was consistent with that policy that you arranged this method of acquisition as against expropriations?

A Yes.

THE COMMISSIONER: Well I think what the witness says is they didn't really weigh the question of expropriation, that is what I gather, he says that this was the method they thought would be most advantageous to the corporation.

Q MR. McLENNAN: Is that right?

A Yes.

Q All right. Mr. Orysiuk, after you had delivered the letter, which is Exhibit 2, to Mr. Achtem, did he come back to you with an agreement?

A Yes he did.

Q And is this the agreement?

THE COMMISSIONER: Oh, that was a letter, was it?

MR. McLENNAN: Yes, sir.

A Yes, it is.

Q MR. McLENNAN: And that is dated the 28th of August, 1969, is it not?

A Yes it is.

Q Can you tell the Court when that was executed?

A That was executed on that same day.

2-HSA-5

B. R. Orysiuk - McLennan Ex.

MR. McLENNAN:

Exhibit 3, My Lord.

THE COMMISSIONER:

Yes, Exhibit 3.

LETTER DATED AUGUST 28th, 1969
MARKED EXHIBIT 3.

Q MR. McLENNAN:

Now, Exhibit 3 --

THE COMMISSIONER:

Well I would like to find out

something very definitely, if I can, Mr. McLennan. We have this map, now, does the witness say, here is the property we require, and we will pay up to so much for that property for a quarter section -- what was it, in quarter sections or sections?

MR. McLENNAN:

I am trying to take it in order,

My Lord. I am just --

THE COMMISSIONER:

Well I am trying to find out,

or get my own mind -- something in my own mind as to what the agreement was. I mean you tell somebody to go and buy me a car and I will pay \$10,000.00 for a car, and that is simple. Here was a bunch of land that we are talking about; now was there a definite deal as to this is the land we want and here is what we are prepared to pay for it, or was it left to the agent to go and buy for what he could? I don't know.

Q MR. McLENNAN:

Mr. Orysiuk, what you did after you retained Mr. Achtem was request that he obtain some appraisals?

A Yes, and we established a value on all the lands.

Q But just before we get to that point I am wondering whether or not when Mr. Achtem and you agreed that he would take a

2-HSA-6

B. R. Orysiuk - McLennan Ex.

Q (Cont.) 5% commission, and he would take it over five years, without any payment of interest, whether you had in mind what kind of money he was going to earn as a result of that assignment?

A In very general terms. Again we had an idea what commissions were going to cost generally.

Q All right, then in very general terms was he going to be in the hundreds of thousands?

A Yes, if he was successful.

Q Yes, all right. Now, at that same time were you dealing with Clement Parlee, inquiring as to whether they would take this assignment for part of the lands?

A Yes.

Q And was Mr. McColl dealing with them?

A Yes he was.

Q All right. And did you receive advice from Clement Parlee that they wanted to retain agents?

A Yes we did.

Q And the agents they had in mind were Weber Bros.?

A It was one specific individual of Weber Bros. yes, not the firm, one specific individual that they had a lot of confidence in.

Q I see, was that Mr. Gudlaugson?

A I am not sure of his name specifically.

Q And were those negotiations with Clement Parlee going on at the same time as your negotiations with Mr. Achtem?

A Almost.

2-HSA-7

B. R. Orysiuk - McLennan Ex.

Q And when did you receive the advice that Clement Parlee, through the agency of Weber Bros. would undertake this acquisition for 3% of the lands that they could buy?

A They came to us, or in the discussions with them it was identified firstly that they themselves could not devote one solicitor full time to the undertaking, they felt that they just could not have an individual, or a lawyer out of their firm devoting that full time to such an undertaking, and so consequently they asked whether or not it would be possible to use an agent under their direction.

They pointed out the agent, who it was, and they explained his capability, and we had agreed to that, and based on our discussions on fees they felt that, or the agent's request was that his fees be the real estate tariff, and that was 3% and 2%, something like that, 3% on the first one hundred thousand, I think, and 2% on the remainder, I am not sure of those figures.

THE COMMISSIONER: Well, was the Clement firm out of it then?

A No, they would still be doing the legal work related to the --

THE COMMISSIONER: What was the legal work, to approve title?

A No, primarily to arrange the transfers, to execute the offers to purchase, agreements to purchase, things of that nature.

Q MR. McLENNAN: Well then is it the position that the agent never knew until the assignment was finished who

2-HSA-8

B. R. Orysiuk - McLennan Ex.

Q (Cont.) he was acting for?

A That is correct.

Q He was acting for an undisclosed client of Clement Parlee's?

A Yes.

Q And Clement Parlee continued to deal with the agent as to what price he should pay, and who he should deal with, and what terms, and would then relay that information to Mr. McColl at Alberta Housing Corporation?

A Yes.

Q So their work in that sense was something other than approving of title and --

A Yes it was.

Q They monitored the work done by the real estate agent?

A That is correct.

THE COMMISSIONER: Well, did they do that for nothing?

A Pardon me?

THE COMMISSIONER: Did they do that for nothing?

A They charged us legal fees on a per diem rate, sir.

THE COMMISSIONER: But let's get away from legal fees. They made the deal with you for 3%?

A Clement Parlee, you mean, sir?

THE COMMISSIONER: Yes.

A No, they made the deal with us on the basis of a straight tariff for what they were doing in the way of actual legal time spent on a per diem basis, rather than the acquisition, because they weren't going to do the physical acquisition

2-HSA-9

B. R. Orysiuk - McLennan Ex.

A (Cont.) themselves, they were going to use an agent.

THE COMMISSIONER: So they weren't interested in the 3% at all?

A No.

Q MR. McLENNAN: Well when it was related to you, as I presume it was, Mr. Orysiuk, that 3% was the fee that Weber Bros. would do this for, what effect did that have on your negotiations with Mr. Achtem as to whether you had paid him 3 or 5%?

A The factor was certainly a consideration. We looked at the areas that each were going to be working on, and in view of the fact that the Clement Parlee firm were going to concentrate on the area in the City of Edmonton, which was primarily urban and industrial in use, and the values of this land would be considerably more than the values of the other end of the property, we still felt that that was an equitable arrangement.

Q When you say, we, who is that?

A In discussions between myself and Mr. McColl.

Q Well did you and Mr. McColl concur on paying Mr. Achtem 5%?

A I think we certainly discussed it, yes.

Q Before Exhibits 2 and 3 were signed?

A I am pretty sure we discussed it, yes.

Q Well did you agree on it?

A I don't remember any disagreement.

THE COMMISSIONER: Well don't walk around it, did you or did you not agree with McColl? He was your inferior, you

2-HSA-10

B. R. Orysiuk - McLennan Ex.

THE COMMISSIONER: (Cont.) were the man who instructed McColl, didn't you?

A Yes.

THE COMMISSIONER: Did you instruct McColl that that was satisfactory?

A In my opinion, yes, it was satisfactory.

Q MR. McLENNAN: And do I understand that the rationalization for that is that Weber Bros. would be dealing with a more expensive area than Mr. Achtem, who would be dealing with rural clientele?

A More agricultural and larger, yes.

THE COMMISSIONER: I suppose these deals were made separately, I don't suppose Mr. Achtem knew what --

MR. McLENNAN: They didn't even know of each other's existence.

THE COMMISSIONER: No, of course they didn't, it was all secret.

Q MR. McLENNAN: You didn't advise either of these two agents, Mr. Orysiuk, did you, that the other agent was also buying land for the corporation?

A No we hadn't, this occurred some time down the road.

THE COMMISSIONER: I mean if you could have got it for 3% from the Clement Parlee firm it might have been advantageous for the corporation to use them for the whole show, I don't know. I mean 2%, that was 40% difference in the two fees.

Q MR. McLENNAN: Why was it, Mr. Orysiuk, that you

B. R. Orysiuk - McLennan Ex.

Q (Cont.) decided not to let Clement Parlee know that Lieber, Romaine & Koch were working on the south area, and not let Achtem know that Parlee was working in the north area?

A Well again it was this aspect of secrecy, and we were trying to see which was the most expedient operation, who acquired the more land, and primarily it was the secrecy aspect. We felt that we had sufficient control on monitoring the acquisitions, each acquisition before it was executed we were contacted and we knew exactly the fees -- or the costs that were being paid for the land, as well as how successful they were moving with the purchases.

Q All right. Did you then instruct each of them to obtain appraisals? That is Clement Parlee and Achtem?

A I am not sure that we instructed Clement Parlee, but we did instruct Mr. Achtem to get spot appraisals done through the area.

Q And how many appraisals did you request?

A I am not sure, I think it was about three, could have been more.

Q I am showing you another map with checkered areas indicating appraisals having been done on those areas, do you recognize that?

A It looks familiar, yes.

Q Do you recognize the appraisal amounts?

THE COMMISSIONER: Who did the appraisals?

A Mr. Davis.

THE COMMISSIONER: Couldn't have been that secret

2-HSA-12

B. R. Orysiuk - McLennan Ex.

THE COMMISSIONER: (Cont.) then, he must have known something about it.

A Well they were random spot appraisals, they weren't specific.

Q MR. McLENNAN: Do you recognize this map that I have shown you?

A It looks familiar, yes.

Q Who prepared it?

A I couldn't tell you. The base map was probably --

Q No, but somebody from the corporation?

A I am not sure. It could have been the appraiser or it could have been us with the corporation. The identification on here it looks like the figures were put in by the appraiser rather than by us, but I am not sure.

Q Well your appraiser never knew the area in which you were buying land, did he?

A No.

Q Whoever prepared this map knew it?

A Yes, he would have.

Q Perhaps we can mark it for identification, sir. Mr. McColl can tell us about it; or if we don't have to be that formal about it we can just mark it as another Exhibit.

THE COMMISSIONER: I don't suppose anybody would have any objection to that.

MAP, MARKED EXHIBIT 4.

THE COMMISSIONER: Who obtained this appraisal, Mr. Achtem?

A Yes, sir.

2-HSA-13

B. R. Orysiuk - McLennan Ex.

Q MR. McLENNAN: I am showing you a letter addressed to Mr. Achtem, signed by Mr. Davis of Weber Bros., do you recognize having seen that?

A It looks familiar, I don't remember reading it. It was probably deposited with Mr. McColl.

Q Well I am showing you another one addressed to Clement Parlee from Siemens Realty?

A Yes.

Q Do you recognize that?

A I don't remember seeing this letter.

Q Well maybe Mr. McColl can identify these documents. In any event you arranged for Clement Parlee, and Mr. Achtem, to obtain spot appraisals?

A Yes.

Q And my understanding is that the instruction was that the appraisal was to be a drive-past appraisal so that the owner of the property being appraised wouldn't be alerted as to the interest of anyone in that particular land?

A That is correct.

Q Now, were these appraisals at hand then before you authorized the purchase of any lands?

A Yes.

Q And these spot appraisals that you got were along the perimeter boundaries of the area in which you were interested?

A Yes.

Q That is some on the north boundary, some on the south, some on the east and some on the west?

2-HSA-14

B. R. Orysiuk - McLennan Ex.

A Yes.

Q And the idea was that you would then try and correlate increased values as you went north from the southerly boundary, and vice versa?

A That is correct.

Q Now, as Mr. Achtem, if we can deal with him for a minute, proceeded to obtain the reactions of the people in his area, who would he talk to at the corporation?

A Insofar as land values are concerned?

Q Yes.

A Mr. McColl.

Q Did you have much to do with that aspect of it?

A Insofar as the land values are concerned?

Q Yes?

A Not that much, no. Mr. McColl has had considerable years of experience as an assessor and a land man himself, and he did the majority of the work.

Q So as each of the parties went along with authority of say fifteen hundred an acre and ran into somebody that wanted eighteen and a half or twenty-two hundred and fifty dollars an acre, they would go to Mr. McColl and say, well here is what the guy wants; do I have authority to go that high, or what can I counter, and that sort of thing?

A That is correct. Now there was discussions between Mr. McColl and myself too during this period of time almost consistently on it.

Q All right.

2-HSA-15

B. R. Orysiuk - McLennan Ex.

A But that was his general area.

Q And this land acquisition was made public, I understand, on October 17th, 1969?

A Yes.

Q And it was made public by a joint announcement by Mr. Colborne and Mr. Barga -- I am sorry, Mr. Colborne and Mayor Dent?

A That is correct.

Q And can you tell me then when the first land was bought in the area?

A Very shortly after the commissioning of the agents.

A (continued) Now, specifically what date that would be, I'm not sure but it would be very shortly thereafter.

Q Well, the agreement signed with Mr. Achtem was August --

A -- 28th.

Q 28th. He was buying land then by the 1st of September, would he be?

A He would have been in the area by the 1st of September, yes and the first part of September, he would have acquired some lands already, I'm sure.

Q Now, did Mr. Achtem or Clement, Parlee advise you of the existence of any lands that they thought they could buy that the Corporation wasn't interested in?

A Yes, they were in, working in the area. I think they ran across some lands outside of the boundaries of the area that we were looking at.

Q And did they have any instructions in that regard from you?

A Well, any lands that they came across, they were to contact us initially and then we had the right of first refusal on the land.

Q You had the right of first refusal?

A Well, the first - right of first purchase, if this was going to be part of that, part of the assembly. We also discussed these areas, some of these areas with the City of Edmonton regarding their coinciding with the planning of that region.

Q Who had the right of second purchase if you had the right of first purchase?

A I don't think we considered that as an aspect. I'm just saying

2-MTH-2

B. R. Orysiuk - McLennan Ex.

A (continued) that maybe the terminology was wrong, Mr. McLennan, but we wanted to be sure that if there was land that they came across, that we were aware of it.

Q All right. As a result of this land assembly and the commissions paid, Mr. Achtem earned in commissions something over \$300,000?

A I don't think it was that much. I'm not sure of the exact figure but it would have been between --

Q My information is \$305,000?

A It could have been \$305, yes.

Q And Weber Brothers earned a commission in the vicinity of \$100,000?

A It could have been, yes.

MR. McLENNAN: I'll put the details of that in through a witness who has that information, sir, but this witness doesn't have it.

THE COMMISSIONER: Was this all completed by October 17th, is that what your leading to?

MR. McLENNAN: It was made public on October 17th, 1969 and thereafter there were some tag ends, Mr. Orysiuk --

A -- that's correct.

THE COMMISSIONER: Generally, it was all completed?

A Generally, the majority of the land, yes.

Q MR. McLENNAN: And arrangements were made with Mr. Achtem to carry on with those persons from whom he had acquired land and arrange leases?

A That is correct.

2-MTH-3

B.R. Orysiuk - McLennan Ex.

Q On the lands. And there was a subsequent fee for that in 1970?

A There could have been, yes.

Q But you authorized that, did you?

A If there was, yes, I would have authorized it, yes.

Q All right. Now, in retrospect even, Mr. Orysiuk, what did you think about the results you obtained, the prices you paid and the amount of acreage you acquired in the whole Mill Woods land assembly project?

A Personally I thought it was an excellent exercise. We achieved the objective of, on an average basis, of buying something like forty-five to five thousand acres of land at around \$2,000.00 an acre and I thought that was an excellent undertaking. We had in excess of over 60% of the land and for planning purposes and development purposes, this was one of the goals that we were looking at in acquiring the land and for all intents and purposes, it was a good undertaking.

Q And was the City pleased with the results?

A Yes, they were.

Q All right. Now, about the same time that this land assembly was going on, the corporation needed money for staff housing?

A Yes, sir.

THE COMMISSIONER: Just a minute, before you get into the money. Did you say there was forty-five hundred to five thousand acres at an average price of \$2,000?

A Yes, sir.

THE COMMISSIONER: That doesn't work out.

Q MR. McLENNAN: It would be about \$9,000,000?

2-MTH-4

B. R. Orysiuk - McLennan Ex.

A Approximately.

THE COMMISSIONER: It wasn't all at 5%, was it?

MR. McLENNAN: Some at 3.

Q MR. McLENNAN: Mr. Orysiuk, just before leaving that subject and I think in fairness to the agents, your instructions to them, as I understand, were to the effect that they were to acquire the lands and that price wasn't the paramount consideration; it was getting the lands together?

A The objective, the prime objective, yes, was the buying of the land. The price was - they were pretty comparable, price and getting the land.

Q Yes, but they weren't to fight about \$2 or \$300. an acre if they could get the land quickly?

A No, that's true.

Q So that undoubtedly, if they had a year to do this, they could have acquired at cheaper prices?

A They could have, yes, but we would never have achieved the end result in that it would have become known that lands were being bought in the area and consequently prices would have escalated.

Q And Mr. Achtem ended up buying substantially more land than Weber Brothers. Were you able to ascertain how that came about or why that was?

A He must have been a better purchaser, that's the only thing. He must have spent more time at it. He was also dealing in a more agricultural area than the one to the north.

Q It's clear, is it not, that he worked very, very hard for that period of time?

2-MTH-5

B.R. Orysiuk - McLennan Ex.

A He certainly did.

THE COMMISSIONER: How long did he work, two months?

That's why I was asking about the 17th of October --

MR. McLENNAN: About six weeks, sir.

THE COMMISSIONER: He started at the beginning of
September.

Q MR. McLENNAN: Mr. Orysiuk, --

THE COMMISSIONER: That's a little better than the
practice of law, I take it.

MR. McLENNAN: Oh, not much, sir.

THE COMMISSIONER: Before you leave it, there is one
question I want to ask you. Now, you hired these gentlemen
to make these purchases. You had about one hundred employees in
your organization at that time - I know some of them were
stenographers and that sort of thing but did you not have any
land men in your office?

A Yes, we did.

THE COMMISSIONER: Like an oil company for instance,
might have?

A Yes, we did, sir.

THE COMMISSIONER: Did you not have any capable who
were on salary, to go out and buy this land that you had to
go and hire professionals?

A No, we didn't feel that - again, there were several reasons
for this. Even though the, the amount of land men that we did
have, there may have been two at the time, maybe three. We
were constantly using them in other areas. They were used for

2-MTH-6

B.R. Orysiuk - McLennan Ex.

A (continued) appraisal purposes and other purposes.

THE COMMISSIONER: But we're talking about \$9,000,000 that's involved. It seems to me that you had some competent people there. Were the other businesses more important than that?

A Well, we felt that this could be achieved by a more expertise person than we had on staff.

THE COMMISSIONER: In other words, you didn't have people in the office that could do this job?

A That's what we felt.

THE COMMISSIONER: That was one of the objects of the company, was to assemble land of this nature?

A Yes, sir, but --

THE COMMISSIONER: But you didn't have people that could do it. I don't quite follow you.

A Well, we only had - the policy of the corporation was, in most of the different disciplines and principles we had there, was that we used people for monitoring purposes rather than the actual doing. For example, in the servicing of land, we didn't have our own contractors, that would be contracted. The planning consultants that were used, those were -- we didn't have a planning staff. In the architects that we used, we didn't have a large architectural staff. We only had one architect. And consequently, we were serving the entire Province with the service and we felt that this was a much better and expedient way of doing it.

THE COMMISSIONER: You could hire a pretty good land

2-MTH-7

B.R. Orysiuk - McLennan Ex.

THE COMMISSIONER: (continued) man for \$300,000?

A Yes.

THE COMMISSIONER: You could have done it yourself for that.

Q MR. McLENNAN: Mr. Orysiuk, dealing with that Mill Woods and surrounding lands, did you acquire personally, any interest whatsoever in lands in that area?

A No, sir.

Q And did you share in any proceeds at all of either commissions paid anyone or favours or quid pro quos or anything extended to you as a result of making those assignments to either of the firms involved?

A I object to answering the question on the ground that it may tend to incriminate me or tend to establish my liability to a civil proceeding at the instance of the Crown or other person or to a prosecution under an Act of Alberta and I ask for the protection of the Canada Evidence Act and the Alberta Evidence Act.

THE COMMISSIONER: Having got those protections, would you answer the question?

A Yes, sir.

Q MR. McLENNAN: Could you tell me what?

A I was employed by Mr. Achtem in assisting him in acquiring that land.

MR. STEER: My Lord, could I just say one thing?
There might be a series of questions. I realize that the witness is required to answer or ask the protection for each

2-MTH-8

B.R. Orysiuk - McLennan Ex.

MR. STEER: (continued) individual question. I have so instructed him. We are interested in getting the matter completed and getting at the facts. On occasion, Judges have extended the privilege for a series of ---

THE COMMISSIONER: -- you see, if you read the - and I know you've read it because of the little memo that he just read to us, the Court does never extend this protection to anyone --

MR. STEER: -- this is true.

THE COMMISSIONER: And I have been sitting in these Courts for quite a long number of years. And a person makes a claim for these things and that's all that happens. You just make the claim. People seem to think that if you ask the Court for - and I'm not a Court of course - if I were, I would be asked for the protection and I can't give the protection. The protection is there on a claim for protection. You see, it's a rather peculiar section.

MR. STEER: There certainly is authority. It has been suggested by some Courts that if it's a series of questions, it might be done but perhaps it's better to do it the other way and --

THE COMMISSIONER: You want a blanket protection, that's what you're suggesting or do you want to object to every question or do you want -every time a question is asked, he can then make his claim all over again.

MR. STEER: Well, I don't want to - I don't know how many questions there will be, My Lord.

B.R. Orysiuk - McLennan Ex.

THE COMMISSIONER: I don't know anything about it.

MR. STEER: I also want to have it clear that the witness is protected with regard to all questions of that nature.

THE COMMISSIONER: Well, insofar as --

MR. STEER: -- perhaps we ought to continue --

THE COMMISSIONER: -- insofar as I can see, I can do nothing about that. If he makes a claim for the protection, that's a legal matter.

MR. STEER: I think that's the way we'd better do it.

THE COMMISSIONER: I didn't get the answer to the question. Well, it will be in the transcript anyway.

MR. McLENNAN: I'm sorry, I didn't either, sir.
What was the answer?

A Yes, I participated in the way that Mr. Achtem employed me to assist him in acquiring the lands.

Q And what role did you play in that regards, Mr. Orysiuk?

A Acting as a, in a consultant basis, primarily in evenings and early mornings when he was contacting the particular farmers and the people that he was purchasing land from.

Q Now, in what fashion did you consult?

A Well, there was questions of such things as cut outs, as negotiations, as to whether or not we should proceed in one direction or another with a particular owner, such as should a slower or quicker approach be used in the particular area or whether or not he should pursue after a certain person more so

2-MTH-10

B.R. Orysiuk - McLennan Ex.

A (continued) than not - related to cut outs of land, whether or not it would be possible to omit certain pieces of land out of a quarter section for the home site, specific site.

THE COMMISSIONER: You were doing it, I take it, as manager of the corporation?

A Pardon me?

THE COMMISSIONER: You were doing that as manager of the corporation?

A No, this was done in the evenings, sir.

THE COMMISSIONER: Well, doesn't a manager work in the evening like a lawyer works in the evening?

A To some degree, yes.

THE COMMISSIONER: I just want to get it clear, that's all.

Q MR. McLENNAN: Well --

THE COMMISSIONER: -- he has said that he was the manager of the corporation.

MR. McLENNAN: Executive director.

THE COMMISSIONER: Executive director. Well, that's a little more than a manager, probably.

Q MR. McLENNAN: Well, Mr. Orysiuk, any of the things you've mentioned now, if he could have contacted you during the day, you would have advised him in your capacity as executive director, would you not?

A Well, the problem was in the acquisitions of this given area. They were primarily rural people and August was the harvest time and the best time, the prime time of contact was made in

A (continued) the evenings or early mornings.

Q No, but the items that you've referred to such as cut outs and - which is the question of subdividing out the guy's residence so you can buy the rest of his land?

A Yes.

Q As to whether you should go fast or slow in carrying on the negotiations, as to what price would be paid, as to --

A -- I didn't mention the price.

Q I'm sorry, what other items did you mention?

A Primarily that of subdivision relating to transfer and creation of subdivisions and the method and approach of the individual purchasing it, the tactics used in the negotiations.

Q Well, aren't all those items that, had you been contacted during the day time, certainly you would have been advising him as the executive director of the Alberta Housing Corporation?

A I could have, yes.

Q And you considered if he contacted you before you normally start work or after you normally quit, that you were acting on your own behalf?

A Yes.

Q And what compensation did you agree to?

A It was agreed that I would be paid approximately 50% of his fee.

Q Was Mr. Achtem hired on the basis that he was an expert in these areas that you say you were consulting on?

A Yes, he was.

Q And did you receive approximately fifty percent of his fees?

2-MTH-12

B.R. Orysiuk - McLennan Ex.

A Approximately.

THE COMMISSIONER: Over the five year period?

A Yes, sir.

MR. McLENNAN: Might this be a convenient time
to break until two o'clock, sir?

THE COMMISSIONER: Are you finished with this question?

MR. McLENNAN: No, sir, but this will probably take
a little while.

THE COMMISSIONER: I would think it might. All right,
we'll adjourn to two o'clock, to one o'clock.

MR. McLENNAN: One o'clock, yes, sir.

(The hearing was adjourned at 11:55
A.M.)

R.B. Orysiuk - Examined by Mr. McLennan

PROCEEDINGS COMMENCING AT 1:00 p.m. THIS DATE:

MR. McLENNAN:

You appreciate you are still under

A Yes.

MR. McLENNAN:

LENNAN: My Lord, I intend to explore fully the revelation that Mr. Orysiuk has just made, and I wonder if rather than Mr. Orysiuk on each occasion asking for the privilege, if with the consent of the court we can treat all of his evidence in connection with this matter as if he had asked for the protection prior to giving each answer.

THE COMMISSIONER:

COMMISSIONER: So far as we are concerned, there is no question about it; that's up to Mr. Steer. You see, the difficulty is I can't make a ruling. The Act says you are entitled to claim it and he has claimed it, and the authorities come along and say you have to claim it every time you want it.

MR. STEER:

TEER: This is right. There is one
authority, sir, that says that:

In practice when a witness is being examined upon an incident or a series of incidents and he thinks that all or any of his answers might tend to incriminate him the judge might, of course, permit a general objection to the series of questions and not require a specific objection to each and every question, but the objection cannot be taken before the witness is sworn and before he is asked any questions.

Now, My Lord, that's an authority from the Ontario Court of Appeal. But I think to be safe, we could shorten it if Mr.

R.B. Orysiuk - Examined by Mr. McLennan

MR. STEER: (cont.) Orysiuk was to simply say that he objects to answering the question on the same grounds as he stated in his evidence this morning. That would shorten the thing rather than a long statement and it would allow us to proceed in a fashion that we know is a safe fashion.

THE COMMISSIONER: Well, you see, I can't really make any particular ruling, Mr. Steer.

MR. STEER: That's exactly the point and Your Lordship is quite right, it isn't the court that gives it, it's the statute.

THE COMMISSIONER: The statute gives it and it seems to me that counsel will have to decide what to advise the client.

MR. STEER: I would tell Mr. Orysiuk and I am sure my friends would all understand and everybody else before whom these proceedings may come, that if he says simply: I object on the same ground as I objected to the question this morning, that the matter could go forward with some degree of dispatch --

THE COMMISSIONER: If I could do it I would give him a blanket.

MR. STEER: I am sure Your Lordship would.

THE COMMISSIONER: Because it's in the interest of truth that we get to the bottom of these things and we don't want to be fiddling around with them. That's why we give the protection, so that they will tell things that they object to telling otherwise.

3-JW-3

R.B. Orysiuk - Examined by Mr. McLennan

MR. STEER: And I think it would be clear if the witness put it that way. I'm sure Your Lordship would understand and everybody here and everybody else that read the transcript.

MR. McLENNAN: Are you clear then, Mr. Orysiuk?

A Yes.

Q All right. Now, when was this arrangement between you and Mr. Achtem entered into? And when I say this arrangement I mean the arrangement whereby he would pay you what you called consulting fees.

A Approximately two weeks after --

MR. STEER: Mr. Orysiuk, you must and I advise you with regard to questions on this subject, to take the objection with respect to which I advised you.

A Sorry. I object to the question on the same grounds as I gave evidence this morning.

MR. McLENNAN: Yes.

A It happened about two weeks after the execution of the contract between the Corporation and Mr. Achtem.

Q And how did it come about?

A Do I object to the question.

Q Yes, every time I ask you a question you object.

A Okay, I object to the question on the same grounds as I gave earlier this morning.

It came about by him approaching me in wishing to retain my services for assistance in view of the fact that this assistance was needed, he felt was needed during off hours and the

R.B. Orysiuk - Examined by Mr. McLennan

A (cont.) amount of time he was spending and I was spending on the subject they wanted to retain my services for this purpose.

Q And was it on that occasion you discussed what price you would put on your services?

A No.

MR. STEER:

Mr. Orysiuk, please.

A I object on the same grounds as I objected earlier.

No, it was not at that time. It was a general discussion of whether or not I would be interested in doing this. I said, no, I was uncomfortable about it at the time; I just didn't feel that it was right somehow.

It was conveyed by Mr. Achtem that he already had the contract with the Corporation, that the contract wasn't issued on any condition or premeditated manner of any kind, that he felt in his opinion that there was nothing wrong with him retaining the services of someone like myself.

Q And did it appear to you he needed assistance in the items that you have referred to that you were going to advise him on?

A I object to the question on the same grounds as previously mentioned.

He had already been contacting me at considerable length, both evenings and mornings and considerable time had been spent by me, and due to the secrecy of the thing he felt that, as I understood it, that my assistance would benefit in this area and, yes, I could have offered him the assistance in the manner that he requested it.

Q My question is did it appear to you he needed assistance in the areas you mentioned.

3-JW-5

R.B. Orysiuk - Examined by Mr. McLennan

A I object to the question on the same grounds as previously mentioned.

Yes, he did. He was quite concerned about whether or not he could achieve the entire acquisition and in view of the fact the amount of time that he was spending on the thing with me and requesting my counsel already that he wished to retain me and employ me, and in essence pay me for that.

Q Well, wouldn't it be your clear duty, sir, if it was apparent to you two weeks after Mr. Achtem started on this land assembly that he didn't have the knowledge and expertise to carry it forward that you should hire someone else that did?

A I object to this question on the same grounds as previously mentioned.

That could have been the case. He was still, he was proceeding in being very effective in the manner that he was acquiring the land, though. His negotiations were good and he was being quite successful. It was areas in which perhaps specific areas of subdivision and so forth and the resultant approaches that appeared to be where he was requiring the assistance.

Q Well, I put it to you, Mr. Orysiuk, that it's either one thing or another; either Mr. Achtem was entitled to a five per cent fee because he was knowledgeable and capable in this area or when it became apparent to you that he was not knowledgeable and capable and needed your assistance you should have hired someone else.

A I object to the question on the ground as mentioned.

That could have been the case, however, I felt that with this

3-JW-6

R.B. Orysiuk - Examined by Mr. McLennan

A (cont.) assistance he could still achieve the initial objective, and he did.

Q All right. I understand from what you have already said that it was his suggestion to you that he retain you.

A Yes. I object on the grounds as previously mentioned.
Yes.

Q And how did you arrive at the 50 per cent of his commission, that being the proper amount for your assistance?

A I object to the question as previously mentioned.
It was his suggestion this would be a fair amount.

Q In a word then, you help him and you will split his commission?

A I object to answering the question on the same grounds as previously mentioned.
Yes.

THE COMMISSIONER: Mr. McLennan, I'm not going to get into this forum. Will you find out if that was the extent of all this thing or was it just various items, and then perhaps you could find out if legal fees were also split.

MR. McLENNAN: Mr. Orysiuk, two weeks after Exhibit 2 and 3, which is August 28th, your letter and then Mr. Achtem's agreement, within that two weeks' time Mr. Achtem had already acquired, I can't tell you how many parcels but several. Did you split his commission on those parcels as well?

A I object to answering the question as previously mentioned.
Yes, those were included in the amount because of the amount of time that we had spent on them.

THE COMMISSIONER: That was for work done, though.

3-JW-7

R.B. Orysiuk - Examined by Mr. McLennan

THE COMMISSIONER: (cont.) That's what Mr. McLennan is asking you, Mr. Orysiuk.

Q It's clear that where Mr. Achtem was clearly entitled pursuant to his contract to all of the commission, he nevertheless split that commission with you?

A I object to answering the question as previously mentioned. As I understand it the only splitting of the commission was not the legal fees but the commission on the land, the five per cent.

Q Yes, but where he had clearly earned five per cent by picking up, for example, the Minchau land, which was the first piece acquired, was it not?

A I object to answering the question on the same grounds as previously mentioned. Yes, I believe it was.

Q And it was acquired at \$285,000?

A I object to answering the question as previously mentioned. I believe it was.

Q And so Mr. Achtem would have earned \$14,250 commission.

A I object to answering the question as previously mentioned, but I feel it may have been; I'm not sure. Could have been.

Q All right, despite the fact that was accomplished before you and he entered into this deal whereby he would retain you as a consultant, he nevertheless split the commission with you?

A I object to answering the question on the grounds as previously mentioned. I believe that was included, yes; I'm not certain.

Q Well, is there any doubt that you attained 50 per cent of whatever commissions Mr. Achtem obtained?

3-JW-8

R.B. Orysiuk - Examined by Mr. McLennan

A I object to answering the question on the grounds previously mentioned.

Yes, there may be some doubt; I'm not exactly sure it was specifically 50 per cent but it was very close to it.

Q Well, how close, 49 point something or other?

A I object to answering the question as previously mentioned. It could be, it would have to be -- I would have to provide you with the information.

THE COMMISSIONER: Well, Mr. McLennan, get him to produce some evidence as to what he did get. Let's not leave anything in doubt about it. There is nothing in doubt about what he says but he is saying now approximately. Well, he knows what was paid out; he knows how much he got. If he doesn't you can probably go and find it.

MR. McLENNAN: How were these funds paid to you, Mr. Orysiuk?

A I object to answering the question on the grounds previously mentioned.

They were paid to me by cheque.

Q Written on what account?

A I object to answering the question on the grounds previously mentioned.

They were written on Mr. Achtem's account, I'm not sure which specific account they were.

Q That is you don't know whether it's a general account or a trust account?

A I object to answering the question as previously mentioned. No, I don't.

3-JW-9

R.B. Orysiuk - Examined by Mr. McLennan

THE COMMISSIONER:

Was it the firm account or was it his own account. You may get some other people mixed up in this too, you know.

MR. McLENNAN:

Was it a firm account, his law firm account or was it a private account?

A I object to answering the question as previously mentioned. I'm not sure if it was.

Q All right, through your solicitor you told me of three bank accounts that you maintained from the 1st of January, 1969 on. They were the Canadian Imperial Bank of Commerce at 118th Avenue and 124th Street, the Bank of Nova Scotia on 115th Street and Jasper, and the Royal Bank of Canada, main branch, all in Edmonton; is that true?

A I object to answering the question on the grounds previously mentioned.

Yes, that's true.

Q Do you have other accounts?

A I object to answering the question on the grounds previously mentioned.

No.

Q To which bank account did you deposit the funds you received from Mr. Achtem?

A I object to answering the question as previously mentioned. There was some deposited probably in each of them for different reasons.

Q Do you have any record as to the precise amounts you received from Mr. Achtem?

A I object to answering the question on the grounds previously

3-JW-10

R.B. Orysiuk - Examined by Mr. McLennan

A (cont.) mentioned.

Yes, I would probably have a record.

Q Where would that record be?

A I object to answering the question as previously mentioned.

I would probably have it at home.

Q Will you produce it?

A I object to answering the question as previously mentioned.

Yes, I could produce it.

Q And that record indicates each payment you received from Mr. Achtem?

A I object to answering the question as previously mentioned.

It would indicate the total sums, not specifically each particular payment.

Q Well, Mr. Achtem received a payment in January of each year in connection with his commissions, did he not?

A I object to answering the question as previously mentioned.

Yes, he did, or in that period of time.

Q Yes, for five years, is that right?

A I object to answering the question as previously mentioned.

Yes, for a period of about five years.

Q So you would have got your last one just in January of 1974.

A I object to answering the question as previously mentioned.

I would have but I did not.

Q Did you in the January of each previous year receive your half of the commissions?

A I object to answering the question as previously mentioned.

No, not specifically in January of each year.

3-JW-11

R.B. Orysiuk - Examined by Mr. McLennan

Q When did you receive it?

A I object to answering the question as previously mentioned. In various times, it wasn't specifically in that particular month. Sometimes it was later in the year and sometimes it wasn't a total sum.

Q That is you would get it in lumps during the course of the year?

A I object to answering the question.
Yes.

Q Why was that?

A Again I object to answer the question as previously mentioned. It was a matter of convenience for Mr. Achtem, I believe.

Q In what sense did that accommodate Mr. Achtem's convenience to give it to you in lumps throughout the year?

A I object to answering the question as previously mentioned. I am not specifically sure but the majority were in half amounts. There were some that were broken up but the majority of them weren't. There was some that were, however. I don't know how it inconvenienced him or inconvenienced him specifically.

Q Did you obtain any tax advice in 1969?

A I object to answering the question as previously mentioned. I obtained legal advice through Mr. Achtem and he himself was a solicitor, and I also obtained the advice of another lawyer who is also, or who is interpreted an expert in tax, yes.

Q I am not talking about Mr. Achtem for the moment, I'm talking about you; did you obtain any tax advice.

THE COMMISSIONER:

He said he did. He said he received it from Mr. Achtem.

3-JW-12

R.B. Orysiuk - Examined by Mr. McLennan

MR. McLENNAN:

Did you obtain any advice other

than through Mr. Achtem?

A I object to answering the question as previously mentioned.
No.

Q Did you obtain legal advice from any other source other than
Mr. Achtem?

A I object to answering the question as previously mentioned.
No.

Q But Mr. Achtem did, you say, seek tax advice?

A I object to answering the question as previously mentioned.
The advice that was sought was not specifically or pointed or
directed at tax; it was directed as to whether or not there
was anything wrong with the proposal -- with the proposition
being made to me and whether or not there is in both his
interpretation and this other solicitor's interpretation
anything specifically wrong with that undertaking. It was
indicated that by both parties that there was nothing wrong
with the proposition. A tax issue was also of consideration in
these discussions.

Q Who suggested that you obtain legal advice as to whether or
not there was anything wrong with the agreement you entered
into with Mr. Achtem?

A I object to answering the question as previously mentioned.
This was resultant from discussions between Mr. Achtem and
myself in which I expressed reservations about the proposal,
and in his interpretation there was nothing wrong. He
suggested that he would contact another solicitor to get his

A (cont.) interpretation of this and it was on his recommendation or his suggestion and my reservation about the proposal.

Q Do you know the identity of this other solicitor?

A I object to answering the question on the grounds previously mentioned.

Yes, Mr. Jones, Mr. Frank Jones.

Q All right. Now, Mr. Achtem earned commissions in the year 1970 in connection with leasing the land he had bought for the corporation; did you share in those commissions?

A I object to answering the question on the basis previously mentioned.

Not to my knowledge, no.

Q All right. I am advised that Mr. Achtem acquired some lands which were not within the boundaries of the Mill Woods area as a result of which a profit was made; did you share in any such profit?

A I object to answering the question as previously indicated.
No, I did not.

Q I understand one of such parcels is still owned by Mr. Achtem or by a company controlled by him; do you have any interest in any such land holdings?

A I object to answering the question as previously mentioned.
No, I do not.

Q Now, Mr. Orysiuk, I am going to ask you about the warehouse Mr. Achtem bought and leased to the Corporation, and I'm going to ask you about the apartment building that you and Mr. Achtem built with the vehicle called Robco Investments Limited. Other

3-JW-14

R.B. Orysiuk - Examined by Mr. McLennan

Q (cont.) than those two items have you had any business dealings or transactions or sharings of either expenses or revenue with Mr. Achtem since the 1st of September, 1969?

A I object to answering the question as previously mentioned. Yes, we have been involved since 1969 -- and up to the present day?

Q Yes.

A We were involved in a piece of property at Stony Plain. We were involved in buying a four-plex, I believe on the south side.

THE COMMISSIONER: Which is that?

MR. McLENNAN: Four-plex on the south side.

A A residence. That's all that I can remember.

Q And when did you acquire the interest in the land at Stony Plain?

A I object to answering the question as previously noted. Last year.

Q That's after you left the Corporation?

A Yes.

Q And what kind of a parcel of land is that?

A That's about a two point -- I object to answering the question as previously noted.

About a two point six acre, three acre parcel.

Q And who are the participants in that purchase?

A I object to answering the question as previously noted. Myself, Mr. Achtem and Mr. Kulak from Stony Plain.

THE COMMISSIONER: I didn't catch the last name.

A Mr. Kulak. K-u-l-a-k.

3-JW-15

R.B. Orysiuk - Examined by Mr. McLennan

Q Decker Kulak?

A Yes.

Q And he is a local insurance man and real estate agent?

A Yes.

3-HSA-1

B. R. Orysiuk - McLennan Ex.

Q MR. McLENNAN: What is that, just a speculative piece of property in the Town of Stony Plain?

A Yes.

Q Is there any development taking place since you bought it?

A No.

Q Do you propose a development for that?

A Yes.

Q What kind of development?

A Commercial development.

Q Shopping centre type of thing?

A Yes.

Q What was the purchase price of that land?

A I am not sure, I think around \$16,000.00 an acre, approximately \$47,000.00 in total.

Q And did you contribute your third to that?

A Yes.

Q Was that contributed by you, sir, or was it contributed by Mr. Achtem on your behalf?

A I think it was contributed by me.

Q Do you know which bank account you used in connection with that transaction?

A No I don't.

Q All right, when was the --

THE COMMISSIONER: Was this paid out of the monies that Achtem owed him?

Q MR. McLENNAN: Well if he paid it himself, sir, they cease to have that identity.

3-HSA-2

B. R. Orysiuk - McLennan Ex.

Q (Cont.) It wasn't paid on your behalf by Mr. Achtem out of the proceeds of Mr. Achtem's full commission?

A I object to answering the question, as previously noted. No it wasn't, it had nothing to do with it.

Q Now, the four-plex on the southside, when was that acquired?

A About 1971, something like that.

Q Do you know the address of that?

A No I don't.

Q Would you know where it is?

A I could get it for you.

Q Was the -- do you remember what the purchase price of that was?

A I object to answering the question, as previously noted. No I don't, I don't remember the specific details, but we can certainly provide you with that.

Q Do you still own it?

A No.

Q Well was it acquired by Mr. Achtem with his share of commissions that he earned in connection with the Mill Woods assembly?

A I object to answering that question, as previously mentioned. Not to my knowledge.

Q Well did you pay, from your own bank accounts, your share of the purchase price of that property?

A I object to the question as previously mentioned. Yes I did.

Q Do you recall how long you owned that particular piece of property?

3-HSA-3

B. R. Orysiuk - McLennan Ex.

A I object to answering the question as previously mentioned.
No I don't, it wasn't for a very long period of time, I think it was probably a year.

Q Did you sell it at a profit?

A I object to answering that question, as previously mentioned.
I don't think so, I think we just broke even on the thing.
There was some maintenance required to it, and so on.

Q Well how is it, Mr. Orysiuk, that you haven't received your share of the commissions that are due this year?

A I object to answering the questions, as previously mentioned.
It was on the advice of my solicitor, and in discussions with him that there appeared to be -- I am sorry, it probably ended up in my own reservations about pointing out the fact that there may be something irregular about it, and that was the reason why I didn't pursue it.

Q How do you mean, didn't pursue it?

A I object to answering the question, as previously mentioned.
I thought it better that we identify exactly where this stands before we pursue the payment of any more funds.

Q Did you receive all of your share from last year, 1973?

A I object to answering the question, as previously mentioned.
Yes.

Q Well do I take it then as a result of your apprehensions about this commission that you decided to leave it, that is when I say, leave it, I mean your share of the commissions that Mr. Achtem received in 1974?

A I object to answering the question, as previously mentioned.

3-HSA-4

B. R. Orysiuk - McLennan Ex.

A (Cont.) Yes.

THE COMMISSIONER: Just a minute. This deal, Mr. McLennan, was made in 1969 and I gather from the hearing that the commissions were paid starting in 1970. 1970, '71, '72 and '73, which were all received, so there would only be one year left, that would be 1974?

MR. McLENNAN: Yes, sir.

THE COMMISSIONER: That is correct.

Q MR. McLENNAN: That is correct, Mr. Orysiuk, is it not?

THE COMMISSIONER: This would be the last year under the contract?

MR. McLENNAN: Yes, this is the last payment under the contract, 1974's payment?

A I object to answering the question, as previously mentioned. I think so, yes.

Q All right. Now in mid --

THE COMMISSIONER: Well, if Mr. Achtem received the payment under the contract himself perhaps you will get that from someone else.

MR. McLENNAN: I don't know if it has been paid this year or not, I presume it goes out every January.

THE COMMISSIONER: Well he doesn't know, I suppose.

Q MR. McLENNAN: Do you know if Mr. Achtem has received his payment this year?

A I object to answering the question, as previously mentioned. No, I don't.

3-HSA-5

B. R. Orysiuk - McLennan Ex.

THE COMMISSIONER:

That seems silly. Why would he be entitled to get his unless Achtem had got his. We are walking around the bushes here.

MR. McLENNAN:

Well Mr. Achtem will be able to help us as to what he has received and Mr. --

THE COMMISSIONER:

Well the books of the company will tell us.

Q

MR. McLENNAN:

Yes sir.

Mr. Orysiuk, in mid 1970 the corporation, of which you were then Executive Director, entered into a lease of some warehouse premises in which the lessor was Edward P. Achtem?

A

Yes.

Q

And that is the same Mr. Achtem we have been discussing earlier today?

A

Yes.

Q

That lease is dated the 19th of June, 1970, and I am showing you an executed copy of it?

A

Yes.

Q

Might that be marked?

THE COMMISSIONER:

Yes. That is Exhibit 5, isn't it, Mr. Clerk?

THE CLERK:

Yes.

EXECUTED COPY OF LEASE DATED
JUNE 19th, 1970, MARKED
EXHIBIT 5.

Q

MR. McLENNAN:

It was clear, was it not, in January or February of that year, 1970, that the corporation required some additional warehouse space?

3-HSA-6

B. R. Orysiuk - McLennan Ex.

A In what month?

Q January or February of 1970?

A Yes, it could have been about that time.

Q And my understanding is that you sought the permission of your Board of Directors to make inquiries into available lease premises?

A Yes we did.

Q And you had your staff make inquiries as to the kind of accommodation and premises that was available on the market at that time?

A Yes we did.

Q And amongst other properties they looked at was a piece of property that Mr. Achtem ended up buying?

A It could have been, I am not certain that they looked at it, but it certainly could have been.

Q Now, do you know how Mr. Achtem acquired the intelligence with regard to the fact that the corporation was looking for warehouse space?

A No, I personally don't know how he was advised, or how he learned of it. I can only assume that it was through discussions with someone in the corporation.

Q You didn't advise him?

A No I didn't.

Q When did it first come to your attention that he owned the warehouse that you, on behalf of the corporation, were going to lease?

A I believe it came to me when the proposed lease came to me

3-HSA-7

B. R. Orysiuk - McLennan Ex.

A (Cont.) for signature. I was away at the time I think at a convention or something, and the -- I believe the appraisers in our land department made the analysis and made a recommendation on it, and I think, if I can remember correctly, it was about that time when the lease was presented to me that I found out that he had bought this, or had owned this building.

Q You think that is the first time that came to your attention?

A Yes.

Q What did you do as a result of that, if anything?

A In what regard, sir?

Q Well it is a coincidence if you didn't know anything about it before to suddenly find Edward Achtem as your landlord as well as your buying agent?

A Yes.

Q Well did you do anything about that?

A Yes, we analyzed and made comparisons as to the -- between the other properties that were available. Certainly the thing was not a confidential matter regarding the finding of space. We apparently had looked at several buildings and I wasn't aware that we had looked at this particular building before. This was leased -- this was owned by him and I wasn't aware of when he bought it or what time or anything of that nature. He had a building and I knew he was involved in it before and so consequently it wasn't that much of a concern.

3-HSA-8

B. R. Orysiuk - McLennan Ex.

Q No, but it must have struck you as a, something unusual, when suddenly if that is the first you knew about it you get a lease on your desk and Edward P. Achtem is your landlord?

A Well at the time it certainly struck me funny.

Q What did you do when that struck you so funny?

A Well I discussed it with the rest of the staff and in discussions on the point the aspect of ownership in other buildings transpired and we discussed those in detail, and I still felt that this was the most -- the best lease that we could get. I think there were appraisals on it and it was based on those appraisals. The location was good and as to who owned it shouldn't have mattered all that much.

Q Well if you made those inquiries do you recall now whether or not it wasn't clear that Overhead Door Sales Limited owned the building, when your staff made inquiries as to its suitability for your purposes?

A I am not sure, I can't remember.

Q All right. Now Mr. Achtem subsequently sold that piece of property to the corporation?

A That is correct.

Q How did that come about?

A It resulted from discussions we had had through the Minister at the time and in which he expressed some concern about the ownership of the building by Mr. Achtem and the fact that he had done a considerable amount of work for us.

Q That is the Minister, The Honourable Fred C. Colborne?

3-HSA-9

B. R. Orysiuk - McLennan Ex.

A That is correct.

Q Well how did it come about that you and the Minister had a conversation with regard to the ownership of that property?

A I am not sure to be honest with you. It resulted in a discussion in his office, I can't think of the other subjects that we were discussing, both Mr. McColl and I were in his office and he raised it at that point.

Q My understanding, Mr. Orysiuk, is that when the Minister learned of the lease he called you and McColl into his office and said, what is going on about this lease. Was that the tenor of the conversation?

A Yes, it was along those lines, yes.

Q And didn't he determine, or you determine for him that at the time the corporation said they would lease the property to Mr. Achtem, Mr. Achtem either didn't own the property or only had a deposit on it?

A I can't remember that.

Q And didn't Mr. Colborne then say, you don't ever buy property, or lease property, from someone that isn't the owner at that time?

A That could have been.

Q You don't recall?

A No, I don't.

Q In any event the Minister, Mr. Colborne, directed you to purchase the building from Mr. Achtem?

A That is correct.

Q And did you then approach Mr. Achtem about purchasing it

3-HSA-10

B. R. Orysiuk - McLennan Ex.

Q (Cont.) from him?

A Yes I did.

Q And was Mr. Achtem agreeable to selling?

A He was somewhat reluctant. He didn't know why we would want to buy it now that there was a lease. I expressed to him that this was a request by the Minister and that we would certainly appreciate his favorable consideration in selling it to us, and the other factor that we wanted to buy from him was that we wanted to buy at his cost, not specifically the cost of the building when he got it, but his actual cost of the building.

Q Yes?

A And he subsequently agreed to sell it, and he did.

Q At what?

A At what I understand to be his cost of that building. I think the building was -- he bought it at something like \$65,000.00, or something of that nature, he made some improvements to it and I think he sold it at something in the vicinity of sixty-eight or sixty-nine.

Q Did you make any investigations as to what the price he put on it bore to his cost?

A He explained it to me at the time in the meeting. I think there was also some -- I think we had some information on file in the office, but I am not sure specifically, at the time.

Q Well, did you make any investigation as to what his cost was?

A Yes. To the best of my knowledge I must have checked, I can't

3-HSA-11

B. R. Orysiuk - McLennan Ex.

A (Cont.) remember specifically.

Q All right, in any event you paid him the price he said was his cost?

A Yes.

Q And at that time an appraisal was done of that property and it appraised out at higher than what he sold it to the corporation for, is that correct?

A That is correct, yes. I am quite sure that is correct.

Q And do you know who authorized the appraisal?

A No, I can't remember.

Q Would you recognize it if I showed it to you, sir?

A Yes. This must have been in response to Mr. Pollard.

Q And Mr. Pollard was the senior appraiser with the corporation?

A That is right.

Q So if you directed an appraisal be done you would probably direct that Mr. Pollard have one done?

A That is correct.

Q Is this the appraisal that you subsequently received?

A It looks like it, yes.

Q And the appraisal was for?

A Seventy-three thousand.

Q And you purchased the property back from Mr. Achtem for sixty-nine thousand?

A That is correct.

Q That should be marked, I suppose.

THE COMMISSIONER:

All right.

3-HSA-12

B. R. Orysiuk - McLennan Ex.

APPRAISAL MARKED EXHIBIT 6.

THE COMMISSIONER:

Pretty difficult for me to

understand what Mr. Achtem was doing, but he may tell us. Why does he, being a commercial gentleman, sell it to the corporation when he had a nice lease? However he may be able to tell us.

Q

MR. McLENNAN:

I think this witness can tell us that.

Mr. Orysiuk, can you?

A

To the best of my ability it was I think primarily expressed to him that this was the Minister's concern about him having done so much work with the corporation as well as now appearing to be leasing property to the corporation as well, and he was concerned from that aspect of it. The expression on Mr. Achtem by myself along these lines convinced him to sell it to us. He was, I must say, reluctant to do so, initially.

THE COMMISSIONER:

There was a lot of money coming to him under the agreement with the corporation at that stage?

MR. McLENNAN:

Yes, sir.

Q

MR. McLENNAN:

Now, you and Mr. Achtem built an apartment block in the City of Edmonton?

A

That is correct.

Q

What was the address of that?

A

12404, I think it is 114th Avenue, it is on 124th Street and 114th Avenue anyhow.

Q

11402?

3-HSA-13

B. R. Orysiuk - McLennan Ex.

A That could be it, yes.

Q 124th Street?

A Yes.

Q And how many suites are in that?

A It is a twenty suiter.

Q Did you require equity money to get that block built?

A Some, yes.

Q About thirty-six thousand?

A Approximately, yes.

Q And did you contribute your eighteen thousand of that?

A How that was contributed I am not sure. I was responsible for putting the building together. We had also borrowed some money over and above that.

Q Did you deal with the Canadian Imperial Bank of Commerce at 124th Street and 118th Avenue?

A Yes.

Q Mr. Garricino was the manager at that time?

A Yes.

Q And that branch of that bank was the banker for the Alberta Housing Corporation as well?

A Yes it was.

Q Did you and Mr. Achtem go and see the manager and tell him that you wanted to build an apartment block and that you needed a loan?

A Yes, I believe we did.

Q And first of all you incorporated a company called Robco Investments Limited?

3-HSA-14

B. R. Orysiuk - McLennan Ex.

A That is correct.

Q And who are the shareholders of that company?

A My wife and I.

THE COMMISSIONER: What is the name of the company?

A Robco, sir.

THE COMMISSIONER: Yes.

Q MR. McLENNAN: Your wife and you and --

A My wife holds a share in trust -- holds the share, I don't know what the legal arrangements are about that but I believe it is a two share company with one share held by Mr. Achtem, it is in my wife's name.

Q That is the apparent shareholders are your wife and yourself?

A That is right.

Q But in fact the real shareholders are yourself and Mr. Achtem?

A That is correct.

Q And your wife's share is issued to her presumably because you didn't want Mr. Achtem -- or he didn't want himself to appear listed as a shareholder?

A Yes, I would assume so.

Q Why was that?

THE COMMISSIONER: Well he was a shareholder, he said.

MR. McLENNAN: No, he was a beneficial shareholder.

THE COMMISSIONER: I thought you said he was a shareholder. There were two shares issued, to this witness and his wife?

MR. McLENNAN: Yes, but the real shareholders,

3-HSA-15

B. R. Orysiuk - McLennan Ex.

MR. McLENNAN: (Cont.) the beneficial ownership of the shares was

Mr. Achtem and Mr. Orysiuk.

Why was that, Mr. Orysiuk?

A I think it was primarily done -- well the company was initially set up on this basis with those two shares and I think it was initially that we were looking around for mortgage purposes and I could have probably obtained a mortgage. I think it was for mortgaging purposes that I could have probably obtained a good mortgage, or a better mortgage, or whatever the case might be, but nothing other than that.

3-MTH-1

B.R. Orysiuk - McLennan Ex.

Q Why could you probably obtain a good mortgage or a better mortgage?

A I felt I could speak to the fellow who provided, or the company that provided a mortgage on my residence and they would be interested in providing a mortgage on the apartment.

Q Well, did you think Mr. Achtem or did Mr. Achtem think Mr. Achtem was a drawback to obtaining a mortgage?

A I'm not sure. I can't remember specifically what the reasons were but I think that was one of the things that - I don't think there was any specific reason other than something along those lines. It was not a contentious point or something that there was much concern or consideration given to.

Q Well, if there wasn't much attention or concern given to it, why not just have the two shareholders appear in their proper names?

A I'm not sure.

Q Well, you can't tell me today what reason there was for your wife holding Mr. Achtem's share in her name?

A No, I can't. I don't know, other than what I have explained to you already.

Q Well, were you in a superior position to obtain a good mortgage because of your position and title at Alberta Housing Corporation?

A No, I don't think so. I think it was more a matter of knowing the methods of preparation of pro formas and the fact that I could speak to this gentleman from the trust company that issued

B.R. Orysiuk - McLennan Ex.

A (cont.) the mortgage on the residence. I didn't think that my position had a preferential situation.

Q Who did you get the mortgage from?

A Montreal Trust.

Q Is that who had the mortgage on your residence?

A Yes.

Q All right. Alberta Housing Corporation --

THE COMMISSIONER: -- I thought he saw the Canadian Bank of Commerce.

MR. McLENNAN: That was interim financing, sir.
That was a loan to buy the land.

THE COMMISSIONER: All right.

Q MR. McLENNAN: Mr. Orysiuk, did the Alberta Housing Corporation have anything to do with either financing or constructing that apartment block?

A Not a bit.

Q Now, I'm showing you a net worth statement. Could you tell me this, Mr. Orysiuk, while I'm finding this, who acted as your contractor in the building of this building?

A Mr. Seimens, Seimens Construction.

Q You didn't act as your own contractor?

A I did. He was, I acted as the general and he acted as the site superintendent.

Q But you acted as the general contractor?

A Yes.

Q Who purchased the materials?

A I would have.

Q Would you be --

A -- jointly with him.

Q Would you be dealing with a lot of people that did work for the Corporation?

A In doing this?

Q Yes?

A No.

Q That is, the suppliers of building materials, wouldn't they be suppliers of building materials to the Alberta Housing Corporation?

A They could have been.

Q Well, you would know --

A -- some of them were, yes.

Q Did you obtain competitive bids for the materials you used for the building of that apartment?

A Some of them, yes. I can't remember which ones.

Q Do you have a file or files in connection with the construction of that twenty suite block?

A Yes, I do.

Q And where would they be?

A In my residence.

Q And you could produce those?

A Yes, sir.

Q I'm showing you a Xerox copy of a net worth statement --

MR. STEER: Sorry, My Lord.

MR. McLENNAN: My Lord, I want to put in about six or eight documents from the bank file and if we had a brief

3-MTH-4

B.R. Orysiuk - McLennan Ex.

MR. McLENNAN: (continued) adjournment, I could get the bank manager to help me with the bank file.

THE COMMISSIONER: Somebody will have to help you, obviously.

MR. McLENNAN: Yes, sir.

THE COMMISSIONER: We will adjourn to - you'll let me know when you've got your thoughts straightened around?

MR. McLENNAN: Thank you, sir.

(The hearing was adjourned at 1:55 P.M. and resumed at 2:08 P.M.)

BOHDAN ROBERT ORYSIUK, further examined by Mr. McLennan:

Q MR. McLENNAN: I'm showing you --

THE COMMISSIONER: Just a moment, I want to make a note. There are two questions, Mr. McLennan that I would like to clear up for my own information. This is probably not the place to do it as we have passed over that phase already and I don't think it matters whether it's inserted here or not. I have two questions and one is this - you can ask Mr. Steer whether you want to answer it or not with the same qualification. You had a board of directors?

A Yes.

THE COMMISSIONER: During all this time - I don't know who they consisted of and I don't know whether that matters too much. They were Government officials, I take it?

A Yes, they were.

THE COMMISSIONER: Who were they?

A I can't remember offhand who the make up of the board is. Would you have it?

3-MTH-5

B.R. Orysiuk - McLennan Ex.

MR. McLENNAN:

It depends at what point, sir?

THE COMMISSIONER:

I'm talking about the point when the agreement was made with Mr. Achtem in 1969.

MR. McLENNAN:

Mr. Morrison, the Deputy Minister of Municipal Affairs, Dr. Wood, the Deputy Minister of Lands and Forests, John Hart, the Deputy Attorney General, Mr. Orysiuk and Mr. Colborne joined the board later in the year, late in the year --

THE COMMISSIONER:

-- that was after this agreement was made?

MR. McLENNAN:

Yes, I think so, sir.

THE COMMISSIONER:

That was the board?

MR. McLENNAN:

Yes, sir.

THE COMMISSIONER:

And you were a member of the Board?

A Yes.

THE COMMISSIONER:

Apart from yourself being a member of the Board, was the question of the commission to be paid to Mr. Achtem, ever placed before the Board?

A I object to answer on the grounds as previously mentioned.

No, this was a question which was within my jurisdiction.

I was authorized by the Chairman and by Mr. Colborne, the Minister, to negotiate the agents and, but the contracts were not discussed with --

THE COMMISSIONER:

Without naming them, who the agents were--

A --yes.

THE COMMISSIONER:

And you never had a board meeting in

3-MTH-6

B.R. Orysiuk - McLennan Ex.

THE COMMISSIONER: (continued) respect of it?

A Again, I object to answer as previously mentioned. No, we did not discuss that at a board meeting.

THE COMMISSIONER: So this contract then was signed by yourself without consultation with the board of directors?

A I object to answer on the grounds as previously mentioned. Yes, but I had been given authority to so do.

THE COMMISSIONER: By whom?

A By the Minister - again, I object to answer on the grounds as previously mentioned - by the Minister and the Chairman of the board.

THE COMMISSIONER: In other words, the board of directors of this Corporation was passed up completely as to making this contract?

A Again, I object to answer on the grounds as previously mentioned. My interpretation was that I was given full authority to negotiate the agents and to contract the agents.

THE COMMISSIONER: Yes, but that was not by the board itself, that was by the Minister and by somebody else. The other members of the board, in other words, knew nothing about this matter?

A Again, I object on the grounds as previously mentioned. I'm not sure how much they knew. They were familiar with the proposal because it was discussed with them but the specific contracts were not discussed with them but they were aware --

THE COMMISSIONER: -- I mean, I'm only referring to the one contract of course with Mr. Achtem.

A Again, I object to answer as previously mentioned. No, I don't think that they were aware of the specific contract. It wasn't brought to them for signature or concurrence.

THE COMMISSIONER: Nor was there a meeting by the board, as a governing body of the Corporation, that authorized anything? It was done by the Minister and by some other member of the board?

A Again, I object to answer as previously mentioned. I think that's the way it happened. I don't know specifically - I can't remember specifically. That was several years ago but I know that the concurrence of the board was obtained that, not to the contract but to the project, that the Minister had discussed it. It was very much in the mind of the Minister and the Chairman of the board and that I was authorized to proceed as a representative of the Corporation to execute the contract.

THE COMMISSIONER: Is there a Minute of the company in which the directors made that authorization?

A Again, I object to answer on the grounds previously mentioned. I'm not sure if there is or not.

MR. McLENNAN: I don't believe there is.

THE COMMISSIONER: I don't believe there is either but I wanted to clear that up.

MR. McLENNAN: There is no Minute that I have seen authorizing this land assembly as such. There's discussions of it later and discussions as to the manner in which the land will be developed by the City and as to what the City will --

3-MTH-8

B.R. Orysiuk - McLennan Ex.

THE COMMISSIONER: -- I'm trying to find out about the assembly of the land that we're talking about today.

MR. McLENNAN: I haven't seen a Minute in that regard, sir.

THE COMMISSIONER: Perhaps during the adjournment, you might look, Mr. Witness and see if there is a Minute. You're the man who knows it, and produce it.

Now, the next point I want to ask about: when you made this deal with Mr. Achtem in respect to splitting the commission of five percent which he was to receive from the Corporation, was that disclosed to the board of directors of the company?

A I object to answer on the grounds previously mentioned. No, it was not disclosed.

THE COMMISSIONER: All right. That's all I wanted to ask.

4-JW-1

R.B. Orysiuk - Examined by Mr. McLennan

Q Was it disclosed to anyone, Mr. Orysiuk?

A Again I object to answering on the grounds previously mentioned.

Certainly my wife was aware of it; I was aware of it. I don't think I discussed it with anybody, no.

Q All right. I am showing you a net worth statement from the bank; this doesn't bear your signature and it may not be your handwriting but would you examine it.

A It's not my handwriting there.

Q Is the information contained on it true?

A It appears to be, there is no date on it.

Q It gives your age as 33, what year were you 33?

A I am 38 now so that is 5 years ago.

Q It would be some time in 1969, would it?

A Right.

Q And does it reflect your financial position, your net worth as it was in 1969?

A To the best of my knowledge, yes, I think so.

Q It's presumably information you provided your bank manager with?

A Probably.

Q You don't contest that that's what it is?

A No, I do not.

THE COMMISSIONER: It's on a bank form?

MR. McLENNAN: Yes, sir.

So that indicates, Mr. Orysiuk, your net worth to have been at that time \$29,300; would that be about right?

4-JW-2

R.B. Orysiuk - Examined by Mr. McLennan

A Could be, yes.

MR. McLENNAN: Might that be an exhibit.

THE COMMISSIONER: 7, is it?

THE CLERK: Yes, sir.

BANK FORM ENTERED AS EXHIBIT 7.

MR. McLENNAN: I'm showing you one that's dated July 23rd, 1969 that is signed by you; would you examine that one and tell me if the information contained on it is accurate and if it bears your signature.

MR. STEER: My Lord, if I may I think to be safe I should advise the witness that he ought to take the form of protection with regard to this series of questions.

THE COMMISSIONER: All right, Mr. Steer.

A I object to answer the question as previously mentioned, on the grounds previously mentioned.

It appears to be it, yes.

Q And is the information accurate?

A As far as I can see.

MR. McLENNAN: Might that become Exhibit 8.

THE COMMISSIONER: 8, isn't it?

THE CLERK: Yes, sir.

BANK NOTE DATED JULY 23rd, 1969
ENTERED AS EXHIBIT 8.

MR. McLENNAN: Now, with regard to Exhibit 8 --

THE COMMISSIONER: What was the date of this contract again?

Mr. McLENNAN: August 28th, 1969.

Q Mr. Orysiuk, your net worth increased to, well, \$41,600 gross

4-JW-3

R.B. Orysiuk - Examined by Mr. McLennan

Q (cont.) but only \$29,233 net, is that right?

A Yes.

Q Now, what I am particularly interested in is the item \$10,000 which is referred to as finder's fees; what can you tell the court about the finder's fees you were expecting in 1969 in July?

A I object to answering the question on the grounds previously mentioned.

I can't remember specifically what that was for.

Q Can you remember any finder's fees that you thought you were entitled to in 1969?

THE COMMISSIONER: Or might be entitled to.

MR. McLENNAN: That you had an expectation of even.

A I object to answering the question as previously mentioned. No, I can't remember what that was specifically about.

It says preparation of plans or something.

Q You have no idea what that might refer to?

A I object to the question as previously mentioned.

No, I don't.

Q It has the name Letourneau Homes in connection with it.

A I object to the question as previously mentioned.

Yes, it does.

Q Did you have any dealings with Letourneau Homes?

A I object to the question as previously mentioned.

I am not sure. There might have been some dealing with Letourneau Homes. Specifically whether that referred to one aspect of that or whether it referred to plans or what I

4-JW-4

R.B. Orysiuk - Examined by Mr. McLennan

A (cont.) can't remember.

Q Well, did you do any work for Letourneau Homes? Who were the people at Letourneau Homes that you know?

A I object to answering the question as previously mentioned.
I know Mr. Lou Letourneau.

Q Who else?

A I object as previously mentioned.
I have met his sons; that's about it.

Q How about his son-in-law Mr. Messier?

A Mr. who?

Q Messier.

A I object to answering the question as previously mentioned.
Yes, I know his son-in-law.

Q Did you ever have anything to do with any of those people we have mentioned in connection with Letourneau Homes?

A I object to answering the question as previously mentioned.
Certainly not Mr. Messier, maybe something to do with Mr. Letourneau but I can't remember specifically. Not with his sons.

Q Did Letourneau Homes do work for Alberta Housing Corporation?

A I object to answer the question as previously mentioned.
Not to my knowledge.

Q Did Letourneau Homes do any work in Drumheller?

A I object to answering the question as previously mentioned.
Not to my knowledge.

Q I am advised that the \$10,000 has something to do with something emanating out of the town of Drumheller; did that help your memory any?

4-JW-5

R.B. Orysiuk - Examined by Mr. McLennan

A I object to answering the question on the ground previously mentioned.

I don't know, I can't remember, specifically I can't.

Q When you say specifically I don't know exactly what that means; tell me whatever you remember, specifically or non-specifically.

A I object to answering the question as previously mentioned.

I can't remember what the total amount of the funds was for, from what source, where they came from or what they were intended to come from. It stipulates there a finder's fee but it also stipulates preparation of plans and I could have prepared some plans in '69.

Q Was this something you were doing on the side, preparing plans?

A I object to answering the question on the grounds previously mentioned.

I don't remember preparing a lot of plans, I might have advised on some plans or had something to do with some building plans; but specifically doing work on the plans as such, no, I don't think so. I can't remember.

Q Well, in 1969, Mr. Orysiuk, your salary from Alberta Housing Corporation would be something in the vicinity of fifteen thousand a year, would it not?

A Probably.

Q In 1970 it was \$15,644, would that be about right?

A Probably, yes.

Q In '69 it would probably be something less than that.

A Probably, yes.

Q Well, the \$10,000 item to a man making that salary I would

4-JW-6

R.B. Orysiuk - Examined by Mr. McLennan

Q (cont.) think might register in his mind just a little more than it appears to have registered in yours.

A I object to answering the question on the grounds previously mentioned.

I can't remember it to be specifically a specific sum of \$10,000. There may have been, it might have been made up of a couple of thousand for one thing or another, or the sale of a car or some plans or something but specifically as a \$10,000 item I cannot remember.

Q But even five two thousand dollar items ought to have registered some small weight I would think; you weren't a wealthy man in 1969.

A I object to answering the question on the ground previously mentioned.

That basically illustrates the net worth, yes.

Q But you have no recollection of what items went to make up the \$10,000?

A No, I can't remember.

Q Or why or from whom you were expecting \$10,000 or any lesser amounts?

A No.

Q But you don't recall anything with regard to the town of Drumheller?

A Again I object to answering the question on the ground previously mentioned.

No, I don't.

THE COMMISSIONER:

Why did he give the statement to

the bank?

4-JW-7

R.B. Orysiuk - Examined by Mr. McLennan

MR. McLENNAN: To make a loan.

THE COMMISSIONER: Perhaps he might know, or maybe he forgets that too.

MR. McLENNAN: Nothing with regard to Letourneau Homes, you can't make any recollection of any dealings with them whereby you might be entitled to some funds or expect to be entitled to some funds?

A On the grounds previously mentioned, no, I can't specifically recollect, no.

Q Did you make this net worth statement to the bank in order to obtain interim financing on the new home you were buying until you sold your old one?

A Probably, yes.

Q Well, on the back of the statement are the two sets of numbers dealing with the sale of the one house and purchase of the other.

A Yes.

Q Does that refresh your memory as to why you made this net worth statement?

A Yes.

Q And that's why?

A Yes.

Q Now, in 1971 you gave the bank a new net worth statement, and my understanding is that this was on the occasion of you and Mr. Achtem acquiring the money with which to buy the land and commence the construction of your apartment building, or Robco's apartment building. Do you recognize that net worth statement?

4-JW-8

R.B. Orysiuk - Examined by Mr. McLennan

A Yes.

Q And is the information on that information you provided the bank manager with?

A I object to answering on the grounds as previously mentioned.
Yes.

Q And is it accurate?

A I object to answering the question on the grounds previously mentioned.

Yes, to the best of my ability it is accurate.

MR. McLENNAN: 9.

THE COMMISSIONER: Exhibit 9.

NET WORTH STATEMENT ENTERED AS
EXHIBIT 9.

Q Now, by the middle of June, 1971, your net worth had gone up to a net of \$67,900 and a gross on your figures of \$97,300, is that correct?

A I object to answering the question on the grounds previously mentioned.

Yes, that's correct.

Q And one of the items in your asset statement is cash in a trust account of \$28,000.

A I object to answering the question on the grounds previously mentioned.

Yes.

Q And is that funds that were in Mr. Achtem's trust account and which were your portion of some of the commissions he was receiving in the year 1971?

A I object to answer the question on the grounds previously

4-JW-9

R.B. Orysiuk - Examined by Mr. McLennan

A (cont.) mentioned.

Yes, that would have been.

Q Why would you leave funds to which you were entitled in January in his trust account until the middle of June?

THE COMMISSIONER: You mean in this man's account?

MR. McLENNAN: No, Mr. Achtem's trust account.

A I object to answering the question on the grounds previously mentioned.

They may not have been advanced though I am not sure why.

There was just a reference made to it. I don't know if that's a proper description of the account or where they were specifically at the time. I think it was just a matter of identifying the funds.

Q Mr. Orysiuk, and before you answer this if you wish to consult with your solicitor please so indicate. Are you prepared to waive any privilege you might have with regard to the operations of Mr. Achtem's trust account insofar as they affected any monies to which you were entitled or which you put in his trust account?

MR. STEER: I think the witness perhaps has misunderstood the use of the word trust account there. I certainly can't advise the witness standing here right at this moment, My Lord.

MR. McLENNAN: No, I'm sorry.

MR. STEER: I wouldn't want him to answer without having my advice even though he has been asked the question.

4-HSA-1

B. R. Orysiuk - McLennan Ex.

MR. McLENNAN:

Perhaps he can answer that in the morning, My Lord, take it under advisement overnight.

MR. STEER:

We will be glad to give my friend the answer in the morning, whatever it may be, sir.

Q

MR. McLENNAN:

Let's be clear, you do understand what trust accounts are all about, Mr. Orysiuk. The \$28,000.00 figure on Exhibit 9 appears to be cash in trust account?

A

I object to answering that question on the grounds previously mentioned. Yes, it appears to be a trust account. I am not certain what the trust account refers to. Whether it was a trust agreement, a trust account or a trust payment.

Q

Well did you have any trust agreement with anybody?

A

Again I object to answer on the grounds as previously mentioned. Yes I did.

Q

Who with?

A

I object to answer on the grounds previously mentioned. With Mr. Achtem pursuant to this, to the contractual arrangement between he and I.

Q

Well my information, aside from this, is that that \$28,000.00, so the bank manager was advised, was monies to which you were entitled and they were sitting in Mr. Achtem's trust account and were administered by Mr. Achtem on your behalf. Now, does that coincide with your recollection?

THE COMMISSIONER:

Well that is what Mr. Steer, I think, wants to talk to him about.

MR. McLENNAN:

I don't think there is any

4-HSA-2

B. R. Orysiuk - McLennan Ex.

MR. McLENNAN: (Cont.) privilege with regard to whether he has money in a trust account or not, sir.

THE COMMISSIONER: Maybe the terms of the trust though.

MR. STEER: My friend has raised this question about whether a certain privilege should be waived and as I have said, My Lord, --

THE COMMISSIONER: Well I don't know what privilege, was this about solicitor/client privilege?

MR. STEER: Yes, solicitor/client privilege, sir.

THE COMMISSIONER: Well it hasn't been established that it is a solicitor and client arrangement even. I mean two men were dealing in regard to certain monies.

MR. McLENNAN: The only problem is, My Lord, if I ask for Mr. Achtem's trust records Mr. Achtem may quite properly say, I don't give you my client's trust records. I am trying to short-cut that, so to speak, by asking this witness to waive whatever privilege he might have with regard to any trust account maintained by Mr. Achtem on his behalf.

THE COMMISSIONER: Well that is quite all right, but the point is that was Mr. Achtem his solicitor. He is his guide, philosopher and friend all right, but I don't know whether he was his solicitor or not. The privilege arises on the solicitor/client arrangement.

MR. McLENNAN: Yes. Perhaps Mr. Steer can advise

4-HSA-3

B. R. Orysiuk - McLennan Ex.

MR. McLENNAN: (Cont.) us what position he is going to take on that point as well.

MR. STEER: My Lord, I don't want to be difficult but I just don't want to be advising this man here when I don't really know the facts myself.

THE COMMISSIONER: Well it is nice to know the facts before you advise.

MR. STEER: Yes, sir.

Q MR. McLENNAN: Mr. Orysiuk, I am showing you your net worth statement, this one dated September 15th, 1972, could you please look at that?

THE COMMISSIONER: What was the date, Mr. McLennan?

MR. McLENNAN: September 15th, '72, I think.

THE COMMISSIONER: Yes.

Q MR. McLENNAN: Is that accurate, sir?

A I object to answering on the grounds as previously mentioned. Yes, it appears accurate.

Q And that is signed by you as well?

A Yes it is.

Q Exhibit 10, sir.

THE COMMISSIONER: Exhibit 10.

STATEMENT MARKED EXHIBIT 10.

Q MR. McLENNAN: Now, by that time, September 15th, 1972, Mr. Orysiuk, your net worth on your valuation was \$166,000.00 gross and \$138,874.00 net?

THE COMMISSIONER: What is the last figure?

MR. McLENNAN: \$138,874.00.

4-HSA-4

B. R. Orysiuk - McLennan Ex.

A I refuse to answer the question -- or I object to answer the question on the ground previously mentioned. Yes, that appears correct.

Q MR. McLENNAN: And at the time you disclosed an account receivable of \$30,000.00?

A Again I object to answer the question on the grounds previously mentioned. Yes, that is -- thirty thousand is part of the account receivable pursuant to the agreement with Mr. Achtem.

Q And my understanding is that fifteen thousand at least of that was in a term deposit somewhere?

A I object to answering that question on the grounds previously mentioned. I am not sure, I can't remember.

Q And you had a quarter interest apparently in a thing called Perma --

A Development Company.

Q -- Development Company, at Inuvik?

A That is correct.

Q And you valued that at \$30,000.00?

A Yes.

Q And you valued your half interest in Robco Investments Limited at fifty thousand?

A Yes.

Q Now, who were the other shareholders of Perma Development Company Limited?

A Mr. Mike Collins, Mr. John Collins and Mr. Rod Matthews, and myself.

THE COMMISSIONER:

You haven't considered whether

4-HSA-5

B. R. Orysiuk - McLennan Ex.

THE COMMISSIONER: (Cont.) the salary might have increased, Mr. McLennan.

MR. McLENNAN: Mr. Orysiuk, your salary I referred to in 1970 to being \$15,644.56 and in 1971 it went up to \$24,953.00?

A Yes, about that.

Q And in 1972 it was \$27,935.00?

A Yes.

Q I take it your substantial increases in salary from 1969 to 1972 were a reflection of the substantial increase in responsibilities and the budget of the Alberta Housing Corporation of which you were executive director?

A Yes.

Q Now, did you have a piece of land, 52 acres, in the Fort Saskatchewan area?

A Yes, I think it was -- I can't remember whether it was optioned or owned or what stage, under what agreement we had it.

Q Who owned that?

A I think it was owned jointly between myself and Mr. Achtem.

Q I thought I had asked you earlier about transactions with Mr. Achtem, and you didn't say anything about Fort Saskatchewan.

A I couldn't remember that one, I am sorry.

Q Might there be a whole bunch and you can only remember several of?

A No, I don't think so, if there was one that could be one, the rest I am sure there wasn't.

4-HSA-6

B. R. Orysiuk - McLennan Ex.

Q Well what was the legal description of this Fort Saskatchewan property?

A I am sorry, I can't remember what it was.

Q What did you pay for it?

A I think it was under an option arrangement. I am just not certain. What year was that?

Q I don't know, it is on 1973's statement I am looking at.

THE COMMISSIONER: '72 you are referring to, aren't you?

MR. McLENNAN: No, I am looking at a '73 statement now with this Fort Saskatchewan land on it.

A Could I see the statement?

MR. McLENNAN: Doesn't say much.

A I think that is an option amount specifically and that was all the value that was tied up in the land.

Q MR. McLENNAN: Was that something you and Mr. Achtem were partners on?

A We could have been, yes.

Q Well can you find out about it and let us know in the morning?

A Yes I can, certainly.

Q The legal description and when you bought it?

A Certainly.

Q All right. Now, in your banker's reports to his regional general manager in 1972 he refers to an item of \$15,500.00 secured by your solicitors' irrevocable letter of undertaking to forward proceeds of land sale, \$15,000.00, directly to this

4-HSA-7

B. R. Orysiuk - McLennan Ex.

Q (Cont.) bank. Does that give you any assistance as to a sale of land you might have effected as a result of which you received \$15,000.00?

A I object on the grounds previously mentioned. I don't know if that was land per se, that certainly could have been the payment made -- the commissions made. I am not sure it would be the land.

Q Well I am just wondering what lands it might be, if it is lands?

A I can't just remember which it might be.

Q Well there is another suggestion that the \$15,000.00 is coming from the sale of a quarter section of land in which Orysiuk has interests, this is September 20th, 1972?

A I object to answer the question on the grounds previously mentioned. I can't remember specifically what that would be. I can't remember that there was a specific piece of land. Certainly not for that amount.

Q You can't remember anything about it at all then?

A No.

Q Did you ever disclose to your bank manager through these years when you were giving him net worth statements, and borrowing money from him, that you had a percentage of Mr. Achtem's commissions that you would earn every year?

A I object to answering the question on the grounds previously mentioned. No, I didn't disclose that.

Q Why?

A I object to answering the question on the grounds previously

4-HSA-8

B. R. Orysiuk - McLennan Ex.

A (Cont.) mentioned. I don't know why, it was -- I disclosed or explained every year in each of the statements the funds, etc., but I didn't make reference to the agreement or to the five year contractual arrangement, no.

4-MTH-1

B.R. Orysiuk - McLennan Ex.

Q But that would provide you with excellent security for borrowing money?

A Again, I object to answer on the grounds previously mentioned. Yes, this could have but I never had had a problem borrowing money. That was never a problem.

Q Now, did you make a loan or attempt to make a loan with the idea that you were going to go into the cattle business?

A I object on the grounds previously mentioned. Yes, I could have.

Q Who were your partners to be?

A A Mr. McVey and I can't think of the other gentleman's name, Mr. Cardoman. I think that's what I mentioned to him.

Q Is Mr. McVey the chap from Drumheller?

A I object to answer the question on the grounds previously mentioned. Yes, he is.

Q Was he introduced to you by Mr. Toschak?

A I object to answer the question on the grounds previously mentioned. He may have been. I got to know him as a result of working in Drumheller. He was a car dealer in the area.

Q You can't recall whether or not you were introduced to him by Mr. Toschak?

A No.

Q Have you had any dealings in Drumheller in the last five years other than with Mr. Toschak?

A I object to the question on the grounds previously mentioned. Yes, I've bought several cars through Mr. McVey.

Q I'm just wondering how you ran into a Drumheller car dealer.

B.R. Orysiuk - McLennan Ex.

Q (cont.) Was it because of Alberta Housing Corporation doing a lot of work in Drumheller and you knew Mr. Toschak, who was the Mayor of Drumheller?

A Yes.

Q Did you advise the bank manager when you borrowed money for Robco Investments to build your twenty suite apartment block, that you would be your own general contractor?

A Yes. I'm not sure, I think I did. I believe I explained the fact that there were, that there was going to be a superintendent on the job. I can't recall specifically.

Q Did you tell him anything about the advantages of the executive director of the Alberta Housing Corporation acting as his own general contractor?

A No, I don't recall.

Q Did it occur to you at the time that there were advantages to the executive director of the Alberta Housing Corporation acting as his own general contractor?

A Not other than knowing about the building and knowing something about buildings.

THE COMMISSIONER: Did you ever enter the 1973 statement, Mr. McLennan?

MR. McLENNAN: No, I didn't, sir. Mr. Orysiuk ceased to be with the corporation at that time and it doesn't add anything.

THE COMMISSIONER: All right.

Q MR. McLENNAN: Now, on July 23rd, 1969, did you advise that the corporation planned to obtain \$2,000,000 from

4-MTH-3

B.R. Orysiuk - McLennan Ex.

Q (continued) Switzerland shortly for urban development and that these funds will be deposited with your bank at 118th Avenue and 124th Street?

A Yes, I believe so.

Q Now, I think it's significant, Mr. Orysiuk, and I'll ask you to recall that date, July 23rd, 1969: at that time, what made you think that you were going to have or at least the Corporation was going to obtain \$2,000,000 from Switzerland?

A In where?

Q Or via Switzerland?

A We would probably have been negotiating on the funds, for funds and I may have expressed to the banker that this was our, the bank that the Corporation was dealing with, that we could possibly be getting some funds. Now, that's the only thing that I can relate it to.

Q Well, you appeared to have by that time, known that you were going to get \$2,000,000 from Switzerland or via Switzerland?

A Switzerland doesn't ring a bell with me at all, I'm sorry.

Q All right. Let's go to this Collins Brothers, Rod Mathews and yourself, involvement in Perma Development. When did that arise?

A Oh, it arose in late '71, early '72.

Q At a time when you were executive director of Alberta Housing?

A That is correct.

Q And that was a project whereby the four of you incorporated a company with a view to building some apartments in Inuvik?

A That is correct.

4-MTH-4

B.R. Orysiuk - McLennan Ex.

Q And leasing them to the Federal Government?

A That is correct.

Q And did you put up any money in connection with that enterprise?

A I can't remember whether, how many funds were put into the account or what transpired specifically as to funding. I know that we attended at the bank and had written, had signed credit notes and things of that nature because they --

Q -- that is personal guarantees?

A Yes, yes.

Q My information is that no money was put up, Mr. Orysiuk, do you --

A -- that could have been. It could have been that it was just personal guarantees given at that time.

Q Can you recall putting up any money?

A No, I can't recall specifically, no.

Q Either at that time or any time in connection with that investment?

A No, that's right.

Q And at one of your meetings, I understand --

THE COMMISSIONER: -- I didn't get who you were talking about. You said Collins brothers and himself, was there anybody else?

Q MR. McLENNAN: Rod Mathews. The shareholders were yourself, Mr. Orysiuk, Mr. Rod Mathews, Mr. Mike Collins and Mr. John Collins?

A That is correct.

Q And you each had 25% of the shares?

A Yes, I believe so.

4-MTH-5

B.R. Orysiuk - McLennan Ex.

Q And at your early meetings, responsibilities were allocated as to the four of you: that is, one would put together a pro forma etcetera?

A Yes, I think so. I can't remember specifically what they were or how they were distributed but that's, yes, that sounds familiar.

Q And my understanding is that your responsibility was to be the securing of a mortgage commitment from Central Mortgage and Housing Corporation?

A That could have been. Again, I can't remember specifically. I know I prepared the pro formas on it and worked a lot on the pro formas but the attainment of a mortgage through Central Mortgage, I can't remember that specifically. I think we discussed mortgaging but whether it was to get a mortgage specifically from them or not, I can't remember.

Q Well, you don't recall that eventually a mortgage was obtained from Royal Trust?

A Yes, I do that. I recall that.

Q At one half of one percent higher than you expected to pay if you could have negotiated a mortgage with C.M.H.C.?

A Probably, yes, yes.

Q You can't recall though that it was your part of the responsibilities of the incorporators that you were to arrange the C.M.H.C. mortgage?

A No, that was not a condition.

Q No, I didn't mean a condition, it was a responsibility that you undertook?

4-MTH-6

B.R. Orysiuk - McLennan Ex.

A I can't recall that specifically.

Q There were Minutes kept?

A I think so, yes.

Q All right. I'll see if I can produce the Minutes for you. Did you have a great deal to do with C.M. & H.C. when you were executive director of Alberta Housing Corporation?

A Yes, quite a bit.

Q Wouldn't it, in your view, put you in a difficult position, negotiating with Central Mortgage and Housing Corporation on your own behalf or on behalf of a company of which you were personally a shareholder?

A Well, any negotiations that would have been done would have been for a project outside of the purview or outside of the jurisdiction of the Province; they were in the territories and I didn't feel that there was any conflict there.

Q I see. There would no doubt be a conflict in the Province of Alberta?

A Well, if I was dealing with C.M.H.C., probably there would, yes.

Q Now, did you sell your interest in Perma Developments Limited?

A Yes, I did.

Q When?

A Beginning of '73, I think.

Q So you owned your interest in that company, something less than a year?

A Yes..

Q And what did you sell your 25% interest for?

4-MTH-7

B.R. Orysiuk - McLennan Ex.

A \$25,000.

Q And was that as far as you were concerned, reasonable compensation for the value of those shares?

A Yes, I think so.

THE COMMISSIONER:

They still had his personal guarantee.

Q MR. McLENNAN: Did you ever get ride of your personal guarantees?

A Gee, I hope so.

Q Now, at that time Collins brothers were dealing with Alberta Housing Corporation, that is at the time that you were a shareholder in Perma Developments Limited with them, they were making an application to Alberta Housing Corporation for a loan, were they not?

A Yes, they were, subsequent to - I'm not sure exactly what the date of that was.

Q Well, throughout the period of time that you were a shareholder, wouldn't it be?

A Yes, yes.

Q And how big a loan was it?

A That they were applying for?

Q Yes?

A I can't remember, I'm sorry.

Q Well, would it be more than \$100,000?

A I think it was for a project in Grande Prairie, if I remember correctly and I can't remember what size it was or for how many units.

4-MTH-8

B.R. Orysiuk - McLennan Ex.

Q Would it be \$1,425,852?

A It could have been. I'm sorry, I just can't remember that.
Yes, it looks like that.

THE COMMISSIONER: What was that amount?

MR. McLENNAN: One million four hundred twenty-five
thousand eight hundred fifty two dollars.

THE COMMISSIONER: Was the loan made?

MR. McLENNAN: No. I'll get to that, sir.

THE COMMISSIONER: All right. It's three o'clock
now.

MR. McLENNAN: Well, this will probably take a
few minutes.

THE COMMISSIONER: I don't care how long you take.

MR. McLENNAN: Well, I might as well finish
Collins Brothers.

Q MR. McLENNAN: The date of the application I
just showed you, Mr. Orysiuk, was the 21st of March, '72,
would that be about right?

A Yes, I think so.

Q Now, when did you leave the Corporation?

A In November of '72.

Q And the day after you left the Corporation, were you appointed
by Collins brothers to assist in the obtaining of that loan
from Alberta Housing Corporation?

A They asked me to assist them in obtaining, if there was
something I could do in obtaining the loan. Apparently there
had been some problem with the plan and if I could resolve the

4-MTH-9

B. R. Orysiuk - McLennan Ex.

A (cont.) problem, that they would appreciate if I could do that.

Q Well, were you retained?

A I wasn't paid a fee, no. They asked me whether I would assist them by going to the Corporation and seeing whether or not I could resolve some of the problems that had arisen with regards to this application.

R.B. Orysiuk - Examined by Mr. McLennan

Q Why would you assist them?

A I knew them quite well; I was not with the corporation any more.

Q It was the next day, wasn't it?

A Pardon me?

Q Wasn't it the day after you left the Corporation?

A It could have been, I don't remember specifically but it could have been, yes.

Q Why would you assist them?

A Because of their asking.

THE COMMISSIONER: What was the answer?

MR. McLENNAN: Because of their asking.

The loan was eventually turned down?

A As far as I know it was, yes.

Q During the currency of that loan application with Alberta Housing Corporation, did you show any more interest in that particular loan than in any other loan the Corporation was looking after?

A I don't think so.

Q Let me put it to you again, Mr. Orysiuk; wouldn't you think that your co-shareholders put you in a difficult position when they are making a loan application for over a million dollars of a corporation that you are the executive director of?

A The loan, with respect, has to go through a normal process, a process of examination as to whether it's appraised and the values are there, whether the demand is there, whether the project is structurally sound, whether the company can

R.B. Orysiuk - Examined by Mr. McLennan

A (cont.) undertake, can actually do that sort of undertaking. Consequently to go through that process I don't see how I could effect any change in the normal procedure that it would go through and I think this loan did proceed through the normal channels.

THE COMMISSIONER: I don't think that's the question. Probably what Mr. McLennan is trying to get at is whether you could do anything especially when they thought you might be able to do something.

A Well, I certainly didn't give them any indication that I would.

MR. McLENNAN: I think that's all for today, sir.

THE COMMISSIONER: We'll adjourn, gentlemen, to 10:00 o'clock.

There are a couple of matters you can check up, Mr. Steer; will you check them up?

MR. STEER: I will, sir; I have got a note of them.

THE COMMISSIONER: We are going to adjourn until 9:30, are we?

MR. McLENNAN: Yes, sir.

THE COMMISSIONER: 9:30, all right.

(The hearing adjourned accordingly.)

C A N A D A
 PROVINCE OF ALBERTA
 TO WIT:

IN THE MATTER OF THE PUBLIC INQUIRIES
 ACT AND THE ALBERTA HOUSING CORPORATION

The Honourable Mr. Justice
 J. M. Cairns

Commissioner.

R. A. McLennan, Esq., Q.C.

Commission Counsel.

G. A. C. Steer, Esq., Q.C., For R. B. Orysiuk.

A. T. Murray, Esq., For William Weir.

W. A. Stevenson, Esq., and
 A. H. Lefever, Esq., For D. McColl.

J. E. Redmond, Esq., Q.C., For E. P. Achtem.

E. D. Stack, Esq., Q.C., For Gateway Building
 Supplies.

DATE: May 7, 1974.

HELD AT: Edmonton, Alberta.

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 (Pages 130 - 220)

Edmonton Court Reporters

EDMONTON ALBERTA

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I N D E X

VOLUME 2

MAY 7, 1974

WITNESSES:

RICHARD CHARLES GAROSSINO

Examination by Mr. McLennan 131

BOHDAN ROBERT ORYSIUK (Recalled)

Examination by Mr. McLennan 132

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1-HSA-1

PROCEEDINGS before The Honourable Mr.
Justice J. M. Cairns, at Courtroom 15,
The Law Courts, in the City of Edmonton,
Province of Alberta, commencing at 9:43 A.M.
Tuesday, May 7th, A.D. 1974.

MR. McLENNAN: My Lord, Mr. Orysiuk seems delayed
and Mr. Steer can't account for it, other than that he
intended to be here at 9:30. I propose to go ahead with --

THE COMMISSIONER: I had a trial in Lethbridge
one time where I went back after a week and Mr. Justice
Cullen, then Mr. Cullen, defending the gentleman, and we
went back to continue the trial and we never did find the
gentleman any more. I trust that we won't have any problems
like that, Mr. Steer.

MR. STEER: He left in time to be here by
9:30, My Lord, I am informed, and perhaps if I could be
excused I could see if I could make some inquiries, but I
don't know whether it would prove fruitful.

MR. McLENNAN: Well, My Lord, I can go ahead with
Mr. Garossino.

THE COMMISSIONER: Well it is rather awkward to
break an examination, that is the only thing. Mr. Steer
would want to be present when that evidence is given anyhow?

MR. McLENNAN: Yes, that is so, My Lord.

THE COMMISSIONER: Well there is nothing you need to
do, Mr. Steer, he either comes or he doesn't come. If he
doesn't come we have methods of perhaps finding him. All
right then, call anybody you like.

1-HSA-2

R. C. Garossino - McLennan Ex.

RICHARD CHARLES GAROSSINO, sworn, examined by Mr. McLennan:

Q Mr. Garossino --

THE COMMISSIONER: Just a second. I don't always get these witnesses' names and things from here. This courtroom has got the witness box out in the front, which there has been some complaints about, I understand, from members of the trial court.

1-MTH-1

R.C. Garossino - McLennan Ex.

B.R. Orysiuk - McLennan Ex.

THE COMMISSIONER: All right, thank you.

Q MR. McLENNAN: Mr. Garossino, you are the manager of a branch of the Canadian Imperial Bank of Commerce?

A I am.

Q And you used to be the manager of the branch at 118th Avenue and 124th Street?

A Yes.

MR. McLENNAN: I see, My Lord, that Mr. Orysiuk has arrived. Would you prefer that we conclude him before we --

THE COMMISSIONER: Well, what do you think, gentlemen? Is there any advantage to taking this witness now? The only thing is, he might not want to stay the whole day.

A It doesn't matter that much to me either way.

THE COMMISSIONER: All right. Probably we had better go on with our other witness.

MR. McLENNAN: Fine. Would you stand down, please.
(Witness stands down.)

BOHDAN ROBERT ORYSIUK, further examined by Mr. McLennan:

Q Mr. Orysiuk, you appreciate you are still under oath?

A Yes.

Q Now, you have had an opportunity over night, to consider whether any privilege exists between you and Mr. Achtem, that is whether or not he was acting as your solicitor and I understand that you're satisfied he was not acting as your solicitor?

A That's correct.

Q And he was not acting as your solicitor with regard to any of the matters in which he dealt, either as solicitor or agent,

1-MTH-2

B.R. Orysiuk - McLennan Ex.

Q (continued) with Alberta Housing Corporation?

A No.

Q Now, during the course of the Mill Woods land assembly, did Mr. Achtem clear with you any purchases by him, personally or with partners, of lands in that area?

A Within the Mill Woods area specifically?

Q Bordering on it, within the area generally, not within the boundaries that you gave him but bordering on those boundaries or inside the boundaries?

A Any lands that he was to buy specifically for himself, is that the question, sir?

Q Yes?

A No, I don't think so. I think he was buying for the Corporation.

Q Well, what I'm wondering is if there were any lands that he advised you of that he could acquire and if the Corporation didn't want them, he was going to buy them?

A There was one piece of land that I know of, yes, that he came to the Corporation. This was after the project had been announced publicly and sometime in 1970, early of 1970.

Q Do you recall the owner of those lands, is that the Sisters' lands?

A Yes, I think that's what they were referred to.

Q That's La Soeur de Notre Dame de La Croix?

A I think so.

Q Any other lands that he discussed with you in the same vein that he might acquire himself if the Corporation were not interested?

1-MTH-3

B.R. Orysiuk - McLennan Ex.

A Not that I can remember. There may have been. I can't remember, I'm sorry.

Q Now, my understanding of your evidence yesterday was that before you retained either the firm of Lieber Koch and Achtem or Mr. Achtem, you first of all had some knowledge about the capabilities of that firm in the land business, is that right?

A Yes.

Q And you also questioned Mr. Achtem as to their capabilities in land transactions generally?

A Yes.

Q And did Mr. Achtem at that time tell you anything about Frank Lieber's qualifications with regard to acquiring and disposing of land?

A Not specifically. There may have been some general discussion but it was more along the lines of Mr. Achtem's ability and his experience.

Q Did you know nothing about Mr. Frank Lieber's experience and capabilities in that connection?

A Yes, I did.

Q And did you know that his experience and capabilities were superior?

A Perhaps lengthier.

Q All right. And do you know whether or not Mr. Achtem ever consulted with Mr. Lieber in connection with this land assembly?

A Not to my knowledge.

Q Well, when he sought your advise and guidance as to how to proceed, did you ask him whether or not he had consulted with

1-MTH-4

B.R. Orysiuk - McLennan Ex.

Q (continued) Mr. Lieber?

A I object to answer that question on the grounds I mentioned yesterday. No, he didn't.

Q You knew he didn't consult with Mr. Lieber?

A He didn't mention that he had consulted or was going to.

Q Did you know, on August 28th, when you gave this assignment in a letter that's marked Exhibit 2, that Mr. Achtem's relationship with the firm of Lieber Koch and Achtem to whom the letter is addressed, was not that of partnership?

A No, I didn't.

Q I presume you would assume they were partners?

A I specifically wasn't sure of what their arrangement was. I don't think that was a point of interest to me at the time.

Q Well, on the same day that Mr. Achtem brought back the agreement, which is Exhibit 3, which deals not with the firm of Lieber Koch and Achtem but just with Edward P. Achtem, did you not make inquiries in that regard?

A I don't think that was a point of consideration. We were hiring, in my view, we were hiring Mr. Achtem.

Q Whatever his arrangement was with his partners, you didn't consider any of your business?

A No.

Q Well, when you arrived at the agreement whereby you would take 50% of the commissions he earned, didn't it then come up as to whether or not his 50% was his alone or whether it was Lieber Koch and Achtem's?

A I object to answer the question on the grounds previously

- A (continued) mentioned. No, it did not. This was my assumption or I think the indication given to me was this, that Mr. Achtem was the one who was hired specifically.
- Q Did you acquire an interest in a piece of property either in or near Camrose, in 1973?
- A Yes.
- Q And what kind of property was that?
- A It was a commercial piece of property.
- Q In the city?
- A No, it was just outside the city, in the county.
- Q Do you still own it?
- A No, I don't. It was under option and the option has expired.
- Q Who were your associates in that transaction?
- A Mr. McIntosh.
- Q Who is he?
- A He was a realtor at the time with Quadra Realty.
- Q Is that who you dealt with, Quadra Realty, to make that purchase?
- A It was Mr. McIntosh that I dealt with and Quadra, I believe was involved in it, yes.
- Q All right. Quadra Realty is who?
- A The principals of it?
- A Yes?
- A I believe the principals of it are Mr. McIntosh and, or were at the time, Mr. Collins, both Mr. John Collins and Mike Collins and I think a Mr. La Chapelle; I'm not sure of that.
- Q Those are the same Collins people that were making the loan

1-MTH-6

B.R. Orysiuk - McLennan Ex.

Q (continued) application to Alberta Housing Corporation and with whom you were associated in Perma Development Company?

A Yes.

Q Did you have any other real estate transactions in which you were connected as a participant or from which you might obtain some compensation with that firm, Quadra Realty?

A Not that I can remember.

Q In June of 1972, you had an interest in seventy acres in Victoria?

A Not to my knowledge, no.

Q I'm advised by Mr. Smith, the bank manager at the Bank of Nova Scotia, 115th Street and Jasper, that you had advised him that you had 10% interest in seventy acres in Victoria?

A I was going to have 10% but that wasn't consummated at the time.

Q You never acquired that interest?

A No, no.

Q With whom were you going to acquire that interest?

A I can't remember the gentleman's name offhand but it was, I believe in Victoria.

Q Was it a real estate agent?

A I think it was an agent, I'm not sure. It was a piece of property that had come up and there was a possibility of obtaining a, buying into a piece of land and I couldn't remember specifically what it was. It was somebody who had been working in the area I think, in realty and I'm not specifically sure. I would have to try and look it up for you.

1-MTH-7

B.R. Orysiuk - McLennan Ex.

Q Was this gentleman going to have the other 90%?

A I think it was a syndication rather than specific, I think the gentleman was looking for investors into the thing and was wondering whether I would be interested in coming into it.

Q How did he happen to contact you?

A I'm not sure, to be honest with you. It may have been somebody from Edmonton originally or I may have been looking on the island. I can't remember how it originated.

Q Are your interests so wide and diverse, Mr. Orysiuk, that you can't recall buying seventy acres or an interest in seventy acres of land in Victoria?

A I was talking about buying seventy acres.

Q It was less than two years ago?

A The thing was never consummated though.

Q But you don't recall who you were dealing with?

A I can't remember the gentleman's name, no.

Q Or who the other participants were going to be?

A The other participants I was not aware of. The names were not given to me.

Q Now, with regard to the Collins brothers loan or application for loans?

A Yes.

Q I understand there were two of them: one under the name of Collins Development and one under the name of Argus Development Corporation Limited?

A The only one that I think I was aware of was the Collins Development one; I'm not sure of the other or any other.

1-MTH-8

B.R. Orysiuk - McLennan Ex.

Q And do I understand from your evidence yesterday that these just went through normal channels and it's something that you didn't have anything to do with personally?

A They went through normal channels and I talked to the staff as I would in normal, when inquiries come in on loans. I would inquire into the mortgage department as to the procedure, where they are at in the process, etcetera. We had quite a few loans going through at the time and it was difficult to identify each and every one of them.

Q Didn't in fact this loan initiate with a meeting with you or at least the application initiate with a meeting with you?

A I can't remember whether it did or not.

Q That wouldn't be standard procedure in any event, would it?

A Well, many people came directly to me to discuss mortgaging.

1-JW-1

R.B. Orysiuk - Examined by Mr. McLennan

Q And did you give them a yes, I think so, or no, not likely kind of answer right off the bat?

A Not really, no. It's difficult to analyze whether a loan is going to be considered given or otherwise.

Q I am showing you a xerox copy of a letter --

MR. STEER: I beg your pardon, My Lord, I haven't seen this.

MR. McLENNAN: A letter to Collins Brothers signed by yourself, dated October 23rd, 1972; would that be a copy of a letter you sent to Collins Brothers?

A Yes.

Q And would that have been confirmation of the discussion you had with them?

A This would have been a normal -- this would have been prepared by the Loans Department and would be the result of procedure that the application had gone through.

MR. McLENNAN: Might that be marked, sir.

THE COMMISSIONER: I take it you haven't the original.

MR. McLENNAN: I wouldn't have the original, all I would have is a carbon copy in any event and this is a xerox copy.

MR. STEER: I beg your pardon?

THE COMMISSIONER: This is a xerox copy he says.

MR. STEER: I thought my friend did have the original.

MR. McLENNAN: No, the original would have gone to Collins Brothers.

1-JW-2

R.B. Orysiuk - Examined by Mr. McLennan

- MR. STEER: Oh, quite.
- MR. McLENNAN: The best I could have is a carbon copy.
- MR. STEER: And you do have one?
- MR. McLENNAN: I don't have a carbon copy, no.
- MR. STEER: This is a copy of Collins Brothers original?
- MR. McLENNAN: No, it's a copy I find in the Alberta Housing Corporation file. I may be able to find the carbon copy of that unless you are satisfied, Mr. Steer.
- MR. STEER: Well, I wouldn't suggest that my friend -- that anything has happened. On the other hand --
- MR. McLENNAN: Are you satisfied, Mr. Orysiuk, this is a true copy of the letter you sent to Collins Brothers?
- A Yes, it appears to be.
- MR. STEER: On the basis of that, My Lord, I find it perfectly acceptable.
- THE COMMISSIONER: All right.
- THE CLERK: Exhibit 11, sir.
- LETTER FROM AHC TO COLLINS BROS.
ENTERED AND MARKED EXHIBIT 11.
- MR. McLENNAN: Mr. Orysiuk, --
- THE COMMISSIONER: Perhaps I might take a look at it.
- MR. McLENNAN: I am advised you had a meeting --
- THE COMMISSIONER: Just a minute. That I take it was signed by you?
- A Yes.

R.B. Orysiuk - Examined by Mr. McLennan

MR. McLENNAN:

Do you recall a meeting in

October 13th, 1972 in which Michael Collins, Mr. Louis Jodoin, a superintendent with Collins Brothers visited yourself, Mr. Fyfe and Mr. Pollard with regard to the Collins Brothers loan application?

A Not specifically, no, but there may have been a meeting.

Q Can you recall what the meeting was about or why you would be involved in it?

A No, I can't at the moment. This was not out of the normal practice.

Q Well, I take it that if you didn't exercise any influence in connection with the Collins Brothers' loan applications, you certainly didn't disassociate yourself from the Corporation routine dealing with those applications.

A Probably not in the process, no.

Q Well, you are satisfied, aren't you, that you did not disassociate yourself with the routine that those loan applications normally would have followed.

A That's right.

Q Now, let's go back to 1969; you had a garage constructed on the house that you purchased.

A That's correct.

Q And --

A Excuse me, I was partly involved in the construction, I didn't have it constructed. I was involved in the construction personally.

Q Right. And did the Corporation personnel assist you in the

1-JW-4

R.B. Orysiuk - Examined by Mr. McLennan

Q (cont.) construction of your personal garage?

A Yes.

Q And what personnel of the Corporation assisted you?

A The different ones varied with the time that it was they assisted me. I had taken some holidays and the prime amount of time that -- the prime periods were during the evening and during the week-ends.

Q Did any of the Corporation staff assist in the construction of that garage during their normal working hours?

A Not while I was present.

Q Well, presumably if somebody was working during the day someone when you got home that evening would let you know --

A Yes, probably.

Q Or you would see the visible results or something.

A Right.

Q Well, did that happen or not?

A As far as I was concerned, no. If they were there they were there during their off hours time.

Q Well, do I take it that we have an unequivocal answer that as far as you know and you agree that you would know, no Corporation personnel worked on your property to your benefit during their normal working hours?

A I can't say unequivocally because I wasn't there all the time.

Q Well, they may have and may not have been?

A That's right, but I doubt very much that they would have.

Q Well, you never learned of it if they did?

A No.

1-JW-5

R.B. Orysiuk - Examined by Mr. McLennan

Q Now, that was constructed, was it not -- the building permit was the 22nd of September, 1969?

A Yes.

Q And it ran through till -- when were you finished with it, by the end of October?

A Some time in there, probably.

Q And when did you take holidays?

A I am not specifically sure, I think it was -- what was the date of that, I'm sorry. It would have probably been in September some time or maybe the first part of October, I'm not ...

THE COMMISSIONER: Well, this was the time that Mr. Achtem was very busy with his activities, wasn't it?

MR. McLENNAN: That's what I was going to get to. How much time did you devote on your garage when you were on holidays?

A The full time while I was there. I was at home primarily all the time.

Q When did you --

A I only took a week or so of my holidays to work on this.

Q Wasn't that a terribly hectic time when you were buying all this land in Mill Woods?

A Yes, it was.

Q Wouldn't that be an odd time for you to take holidays?

A Not specifically, no.

Q Wasn't that the single most important undertaking that Alberta Housing Corporation had gotten involved in by itself?

A Yes.

1-JW-6

R.B. Orysiuk - Examined by Mr. McLennan

Q And you were in charge of it.

A Of the Corporation, yes.

Q And that whole thing only lasted six weeks.

A Well, it lasted a little more than that.

Q Well, from the time it started until the time it was made public it only lasted six weeks.

A In that vicinity probably, yes.

Q And you took holidays during that period.

A Yes.

Q Now, you have a sheaf of sales slips and invoices and statements contained in this folder from various sub-trades, the total of which is \$3,368.09, Mr. Steer advises me; is that right?

A Yes.

Q And this represents, does it, the total of the materials that you purchased to construct this garage?

A No, there were other materials involved. I bought some sheathing which I did not get a bill for, it was paid by cheque. I obtained some roofing material that -- the roofing wasn't included in that as well.

Q The roofing was in addition?

A Right.

Q And from whom did you acquire the roofing material?

A From a fellow who is doing roofing. I'm just trying to think of his name. He actually helped me on the roof as well. Mr. Panylyk I think is his name.

Q As far as you are aware -- I suppose that ought to be marked.

1-JW-7

R.B. Orysiuk - Examined by Mr. McLennan

SHEAF OF SALES SLIPS AND INVOICES
AND STATEMENTS ENTERED AS EXHIBIT
12.

MR. McLENNAN:

As far as you are aware, Mr.

Orysiuk, did you receive any consideration from the suppliers
of materials for your garage?

A No, not to my knowledge.

Q And did you make the purchases yourself, that is order the
materials yourself?

A I would have, yes.

Q Now, do you know Leo Jantzi?

A Yes.

THE COMMISSIONER:

What's his name?

MR. McLENNAN:

Jantzi, J-a-n-t-z-i.

He was an employee of the Alberta Housing Corporation?

A Yes, he was for a period of time.

Q When you were building your garage was he?

A I'm not sure if he was there at the time. He may have been;
I'm not sure of the dates he was employed.

Q Did he assist on the building of the garage?

A No, not to my knowledge.

Q Can you recall using a truck belonging to Alberta Housing
Corporation for a week-end while you were building your
garage or making any other improvements to your property?

A No, I can't recall that.

Q Would you recall if you had?

A Probably.

Q You can't recall Mr. Jantzi receiving instructions from you and

1-JW-8

R.B. Orysiuk - Examined by Mr. McLennan

Q (cont.) you can't recall giving Mr. Jantzi instructions to drive the truck out to your house and then you driving him back to the Corporation?

2-HSA-1

B. R. Orysiuk - McLennan Ex.

A No, I can't remember that.

THE COMMISSIONER: I thought this was a financial organization, do they have carpenters and all these sort of things in the company?

A Yes they did, sir.

Q MR. McLENNAN: Was Ron McKay one of the corporation personnel that assisted you with the building of the garage?

A Yes.

Q Hank Mulder?

A Yes.

Q John MacDonald?

A Yes.

Q And if any of those persons worked during company time on your garage you never knew about it?

A That is right.

Q Now, Mr. McKay, at the time he assisted you on the garage, I am advised, was still an employee of Imperial Oil and didn't go to work for the corporation until two or three weeks later?

THE COMMISSIONER: Later than what?

Q MR. McLENNAN: Later than the work he did on the garage?

A It could have been, I am not sure.

Q Do you know why -- he wasn't a friend of yours, was he?

A No, he was a friend of one of the other members on staff at the time, Mr. Weir.

2-HSA-2

B. R. Orysiuk - McLennan Ex.

Q And do you know why he came to work on your garage?

A Not specifically, no, other than coming over as a friend to help out, that is all, of Mr. Weir's.

Q Mr. Weir, that is Scotty Weir?

A That is right.

Q And he had what position with the Alberta Housing Corporation?

A I believe he was head of the Construction Division.

Q Did they call it the Technical Division?

A Yes, I believe so.

Q Well now, who was it that found this fellow to do the roofing?

A He was a personal friend of mine, a family friend.

Q What was his name?

A Pinnelic.

Q And did someone assist Mr. Pinnelic?

A I did.

Q Mr. Mulder didn't arrange for Mr. Pinnelic, did he?

A I don't think so, although they were neighbours, I believe. They may have had some discussion about it but I can't remember specifically.

Q Well is it your evidence that before Pinnelic worked on your garage that he was a personal friend of yours?

A Yes.

Q And he was in the roofing business?

A He did roofing, whether as a full time job or a part time job I am not sure. I think he had another job as well and I am not sure what that particular job was, but I knew he

2-HSA-3

B. R. Orysiuk - McLennan Ex.

A (Cont.) had done roofing and that he was interested in helping me.

Q I am advised that Mulder and Pinnelic worked fifty to sixty hours on the job, that is on your garage?

A I couldn't tell you exactly how much time, specifically.

Q Does that sound about right?

A It sounds a little bit much, it is too high, I think.

Q Were they paid anything?

A All I paid Mr. Pinnelic, because he was a friend of mine, was for the materials that he had obtained. Mr. Mulder I did not pay.

Q Mr. Mulder was an employee of the corporation?

A That is right.

Q Now, Alldritt Construction did a substantial amount of business with the corporation?

A They did some, yes, I don't know exactly how much.

Q Well a substantial amount?

A I would say so, yes.

Q They received substantial mortgage funds from the corporation?

A Yes, I would say so.

Q And when you left the corporation did you go and see Alldritt about them hiring you as a consultant?

A That is after I had my company set up, yes I did.

Q And that is B. Orysiuk and Associates Limited?

A That is correct.

Q Were you hired by Mr. Monaghan?

A Yes I was.

2-HSA-4

B. R. Orysiuk - McLennan Ex.

Q And did he advise you with regard to a project that they were considering in the Town of Devon, a Shopping Centre project?

A Yes -- well I was working on a subdivision plan for them in the area. He may have mentioned properties, other properties there as well, yes, there could have been.

Q And did you discuss this project with Mr. Achtem?

A I can't remember if I did or not.

Q Well do you remember whether or not Mr. Achtem attempted to buy the land in question from the Town of Devon?

A He may have, that was something that I did not involve myself in at all. I was working with Mr. Alldritt at the time and there was no way that I could involve myself in that, I thought. Whether or not Mr. Achtem had anything to do with it, he may have confronted the town with it, but I don't know.

Q Well didn't that come to your attention that Mr. Achtem attempted to buy the land from the town?

A It came to my attention subsequently, yes, but I wasn't aware that during the time I was employed by -- or the company was employed by Alldritt Construction, no.

Q You weren't aware of what?

A Of the fact that Mr. Achtem was dealing on that piece of property.

Q But isn't that what ended your employ with Alldritt, or your company's employ?

A No, I don't think so. I acted on behalf of Mr. Monaghan personally for some time afterwards, on several other matters.

2-HSA-5

B. R. Orysiuk - McLennan Ex.

Q In any event you don't know how Mr. Achtem might have acquired information with regard to Alldrift's involvement in Devon?

A No I don't.

Q All right. Dealing with the German bank loan?

A Yes.

Q The corporation had, previous to 1969, always received its funds from borrowings directly from Central Mortgage and Housing Corporation?

A Yes, and from the Treasury Department.

Q Yes, and in 1969 you looked elsewhere for funds?

A That is correct.

Q Can you tell me how that came about?

A The budgets had been reviewed in the spring of that year and the funds had been cut back substantially in the budget and the specific program we were looking to obtain funds for, that was staff housing, I believe, at the time, could not be accommodated unless we looked elsewhere for funds and we couldn't obtain these from Central Mortgage and Housing because they were going to be initially rental loans rather than home purchase loans, and at the time the only funds that were available from Central Mortgage were on a home ownership basis, and that is why we went looking for other funds, outside of those two specific areas.

The other factor that was in consideration at the time as well, and that was that the borrowings of the corporation directly did not reflect on the debt load of the province.

THE COMMISSIONER:

There is so many things I don't

2-HSA-6

B. R. Orysiuk - McLennan Ex.

THE COMMISSIONER: (Cont.) hear, probably it is just as well, but you better speak up a little bit,

A Sorry, sir.

Q MR. McLENNAN: All right, as a result of those considerations you decided to attempt to arrange the borrowing of funds on your own, that is on the corporation's own footing?

A Yes.

Q And what did you do then as a result of making that decision?

A I contacted several sources in -- these were primarily banks, as well as mortgage companies in Edmonton.

Q Which banks did you contact?

A They must have been the major ones. I can't think of them specifically but I think it was the Commerce, the Toronto Dominion, probably the Royal, I am not sure specifically which ones, or whether they were in that order, but I contacted some banks, and --

Q Well just a minute, can you recall any one bank that you talked to, or any one bank manager that you solicited?

A The discussions at the time, I think -- I may be confusing this with another discussion as well, but it seems to me that the discussions at the time we talked to some regional representatives of these banks.

Q Just tell me one name, Mr. Orysiuk, if you know, or of one bank?

A One of them I believe was right from the Commerce Branch, A Mr. -- he was the manager for the downtown branch I

2-HSA-7

B. R. Orysiuk - McLennan Ex.

A (Cont.) believe at the time, I am sorry that I can't think of his name, but he was from the downtown branch.

Q Well did you contact him through Mr. Garossino?

A I believe he was at Mr. Garossino's at the meeting, I am not sure if he was or not.

Q And this was with a view to borrowing money for staff housing?

A This was a discussion of money generally, yes, with that purpose in mind.

Q And that would be sometime in June or July of 1969?

A I would think so, yes.

Q And what, anyone else you can recall?

A There were other bank managers but I just can't recall their names specifically. I am sorry, I can't.

Q Well if you could recall, you know, the branch of which bank then it is easy to find out who the manager was in 1969.

A The problem that we had in the area with banks is that there was a very limited number of branches specifically and consequently we had to, in some of these other branches, or some of these other banks contact people in their downtown office.

I am not sure of the names, I can't think of what their names were specifically.

Q Well I am not asking you for the names any longer, I am asking you for the name of the bank, or the branch, or head office or regional manager, or whoever?

THE COMMISSIONER:

How much money were you thinking of

2-HSA-8

B. R. Orysiuk - McLennan Ex.

THE COMMISSIONER: (Cont.) borrowing, the banks would recall that, probably.

A We were talking about two million dollars, sir, in that vicinity. The Toronto-Dominion, probably, and who would be the manager at the time I am not sure.

I think it was the Royal, I can't be specific about it though, maybe I have it written down somewhere in my diary but I would have to dig those out for you.

THE COMMISSIONER: Well if you were talking that kind of money were you dealing with some branch on the outskirts or were you dealing with the principal branch in the City of Edmonton?

A It would have been with the principal, but he would usually have a bank manager along of a local branch in the immediate vicinity that he would have had with him.

Q MR. McLENNAN: Did you tell him what rate you were prepared to pay?

A We weren't discussing rates at the time, we were discussing the availability of funds, the general availability.

Q All right, and do I understand you to say you talked to mortgage companies as well?

A Yes.

Q Which mortgage companies did you talk to?

A I specifically can't remember which ones they were.

Q Well again, were you dealing with the Toronto or Montreal or New York offices or were you dealing with local people in Edmonton?

2-HSA-9

B. R. Orysiuk - McLennan Ex.

A It would have probably been somebody local here in Edmonton, and contacting them on the basis of whether or not they had funds available for that type of purpose.

Q Well now were you talking to them about mortgage loans or were you talking to them about loaning money for the corporation, with a Provincial Government guarantee?

A No, it was mortgage loans.

Q Well I am particularly interested in who you talked to about borrowing two million dollars for the corporation with the Provincial Government guaranteeing the loan; who did you talk to that about?

A At that specific time I don't think the aspect of government guaranteeing was predominant, or paramount, it was a matter of trying to obtain funds and whether the funds were available.

The guaranteeing aspect was a subsequent one that came into discussions when there was indications that there was no funds available, for example as they are now. If you were to contact some of the banks here in town they will tell you that they don't have funds of that particular nature, so there was not much sense in going into the aspect of guaranteeing and discussing rates, etc.

THE COMMISSIONER: Well surely these banks would pick up their ears if you were talking government guarantee, it is fairly sound.

A I believe even in our discussions with our own bank, the Bank of Commerce, I think what was required was some sort of

2-HSA-10

B. R. Orysiuk - McLennan Ex.

A (Cont.) an equivalent deposit on which they could draw from in producing the loan to us, so it would have meant that the province would have had to put the money into the bank initially and then used that as, in essence, the collateral to draw on.

THE COMMISSIONER:

That sounds like making a loan on cash collateral; I don't quite understand it.

Q MR. McLENNAN:

Well, Mr. Orysiuk, what did you do next?

A Well during these discussions I received a letter from a Mr. Farkas from Montreal, who was a mortgage broker, and who mentioned that he had funds, or he was in the brokerage business, and whether or not we were looking for funds.

2-MTH-1

B.R. Orysiuk - McLennan Ex.

Q I'm showing you a letter dated July 7th, 1969, from Victor Farkas Realities Ltd., is that your first contact with Mr. Farkas?

A Yes, it was.

MR. McLENNAN: That's dated July 7th, My Lord, on the letterhead of Victor Farkas Realities Limited and it's addressed to Bob Orysiuk, Alberta Housing and Renewal Corporation.

THE COMMISSIONER: Addressed to Bob Orysiuk?

MR. McLENNAN: Yes, My Lord.

THE COMMISSIONER: That's a little personal, isn't it?

MR. McLENNAN:

"Dear Mr. Orysiuk ..."

it says following that.

"Upon the recommendation of Mr. Toschach, I am contacting you regarding the loan that your corporation is looking for. It is my understanding from Mr. Toschach that this loan will be secured in the form of a bond and this bond will be guaranteed by the Government of Alberta.

Please advise me of the terms and rate of interest that these bonds will be issued at and any other pertinent information that I may need.

Upon the receipt of this information, I shall contact my overseas connections and will begin negotiations. Very truly yours,

"Victor Farkas"

B.R. Orysiuk - McLennan Ex.

THE COMMISSIONER:

I think that's 13.

THE CLERK:

13, sir.

LETTER ON LETTERHEAD OF VICTOR
FARKAS REALTIES LTD. DATED JULY 7th,
1969 MARKED EXHIBIT 13.

THE COMMISSIONER:

What did Toschach have to do with
this?

Q

MR. McLENNAN:

What did Toschach have to do with
this, Mr. Orysiuk?

A

I had spent a considerable amount of time both in the planning
Department as well as with the Corporation and we had quite a
few activities in Drumheller, where he was the Mayor of the
municipality. We had numerous projects in the area and to the
best of my recollection, I must have discussed this with Mr.
Toschach at some point in time, saying that we were encountering
difficulty in obtaining funds and I subsequently got this
letter.

Q

Well, he seemed to know a little more about it than that.
He's talking about the amount of money and the guarantee by the
Province and bonds will be issued?

A

Yes, he's mentioning that. I don't think that that was
discussed to that detail with him. He was wondering what sort
of security was available and things of that nature but --

Q

Who was wondering?

A

Mr. Toschach.

THE COMMISSIONER:

What would security be needed for
if there was going to be the guarantee of the Province?

A

I don't think it was a matter of discussing guarantees at that

B.R. Orysiuk - McLennan Ex.

A (continued) point in time, sir.

THE COMMISSIONER: But he mentioned it though.

"... this loan will be secured in the form of a bond and this bond will be guaranteed by the Government of Alberta."

Mr. Toschach certainly appeared to have some information. He couldn't commit the Government of Alberta himself?

A No, certainly not.

THE COMMISSIONER: Or could he?

A Not to my knowledge.

Q MR. McLENNAN: Mr. Orysiuk, did Mr. Toschach indicate to you, sometime prior to that letter, that he had connections whereby he might be able to arrange the borrowing of funds in Europe?

A He inferred to me that he knew some people with funding but that was about the extent of it.

Q In Europe?

A I don't know that he mentioned specifically Europe. I think he mentioned some, an eastern broker.

Q Well, how did this conversation come about?

A Well, I can't remember specifically what date or in what sort of surroundings it came about but it was in general discussions with him on something else. It wasn't a subject that came out as a result of a specific meeting designed for the purposes of discussing this.

Q Well, you've known Mr. Toschach for a long time?

A That's right.

2-MTH-4

B.R. Orysiuk - McLennan Ex.

Q And you had in 1969?

A Yes.

Q And Mr. Toschach, I think may fairly be said to be a bit of a promoter?

A Yes, I suppose so.

Q And a bit of a wheeler dealer?

A Yes.

Q And you knew that?

A Yes.

Q And are you suggesting that his information acquired from you in connection with your money needs and what kind of security would be available, was just incidental to the two of you having a drink or something?

A It could have been. It wasn't specifically designed for discussing that particular loan, no.

Q Well, tell me this, Mr. Orysiuk, didn't you know enough about Mr. Toschach that if you told him over a drink or otherwise, we need a couple of million dollars; we've got a Provincial guarantee: if we could borrow that money somewhere, we would. Don't you know that Mr. Toschach would get on either the telephone or an airplane or something and see if he could make a deal for you?

A I don't think so. It was never intended that way or inferred that way.

Q Well, it was a jolt to you then to receive this letter from Mr. Farkas, saying Toschach had directed Farkas to you?

A I phoned Toschach after this, yes.

2-MTH-5

B. R. Orysiuk - McLennan Ex.

Q What did you say to Toschach after?

A I had wondered who this person was and tried to ask him to explain the method by which he knew him and so forth and what type of broker it was.

THE COMMISSIONER: Where did Toschach get the idea of a Government guarantee? You hadn't discussed a Government guarantee, I gather, with anybody at that stage? You hadn't discussed the Government guarantee with the banks, you told us that?

A No, no.

THE COMMISSIONER: Which might have changed their minds. Where else would Toschach get the idea about a Government guarantee?

A He may have assumed that there was Government guarantees available and suggested on that basis for this broker to contact us.

THE COMMISSIONER: You didn't tell him anyway, I gather?

A Not to my knowledge, no. I don't remember discussing it in that great a length with him or in that great a detail. It was, as I say, as a result of a conversation. It was not specifically designed or planned for the purposes of arranging this through him or with him.

THE COMMISSIONER: But you weren't retaining him as a broker to get you a loan?

A No, no.

Q MR. McLENNAN: Well, when you received the letter from Mr. Farkas, then you got on the phone to Toschach?

B.R. Orysiuk - McLennan Ex.

A I contacted him, yes, with regards to this and tried to ascertain how this all came about.

Q What did he tell you, how did it all come about?

A Well, he said that he knew this broker in Montreal and that he thought he could help the Corporation in obtaining funds.

Q That is the broker thought he could help?

A Yes.

THE COMMISSIONER: No, Toschach thought he could help.

A No, in talking with the broker.

THE COMMISSIONER: Oh.

A Toschach talked to the broker.

Q MR. McLENNAN: What else did he tell you about the broker?

A He told me that - he had apparently met him through, I forget who he had met him through and that he had been placing funds or had the ability to place funds; that he had offices in Europe and in Canada and that he could probably assist the Corporation in obtaining funds.

Q How long was this conversation after your first conversation with Mr. Toschach saying that, we want to borrow some money?

A I can't remember the specific dates.

Q No, was it six months or a year or three or four days or --

A It could have been a month or two; could have been two months because I was down in Drumheller several times and I had occasion to be there on several other things.

Q I'm just wondering if Mr. Toschach knew this fellow as well as he seems to from what he related to you about his office in

2-MTH-7

B. R. Orysiuk - McLennan Ex.

Q (continued) Germany and he does a lot of this work and that sort of thing, why wouldn't he mention that to you when you were discussing it with Mr. Toschach in the first place?

A I don't know.

Q You didn't ask Toschach?

A No.

Q You wrote a letter then, as far as I can see, Mr. Orysiuk, on July 28th, 1969, to Mr. Farkas?

A Yes.

Q And this is a true copy of the letter you sent to Mr. Farkas?

A It appears to be, yes.

MR. McLENNAN: And that's dated July 28th, My Lord, addressed to Victor Farkas Realities.

"Dear sir:

Further to your telephone conversation of today's date, I wish to advise that our Corporation, a Crown agency constituted by the Government of Alberta, is attempting to obtain funds for housing purposes.

The amount that we are presently looking for is between one and one half and two million dollars on a minimum of a fifteen year term, preferably twenty years, at the most favourable rate possible.

The security for the loan could be in the form of a first mortgage or in the form of a debenture guaranteed as to the repayment of principal and interest by the Government of Alberta.

2-MTH-8

B. R. Orysiuk - McLennan Ex.

MR. McLENNAN: (continued)

" Your assistance in this regard is greatly
appreciated. Yours truly"

THE COMMISSIONER:

Exhibit 14.

CARBON COPY OF LETTER DATED JULY 28th,
1969 ADDRESSED TO MR. FARKAS MARKED
EXHIBIT 14.

Q MR. McLENNAN: I presume there were some phone
calls?

A Yes.

Q Between Exhibits 13 and 14?

A Yes, there were.

Q And following Exhibit 14 then, Mr. Orysiuk -- I wonder, sir,
if we could take ten minutes at this point?

THE COMMISSIONER:

Yes.

(The hearing adjourned at 10:50 A.M.)

2-JW-1

R.B. Orysiuk - Examined by Mr. McLennan

PROCEEDINGS RESUMED AT 11:10 a.m.

THE COMMISSIONER

Yes.

MR. McLENNAN:

Mr. Steer is absent for just a minute.

THE COMMISSIONER:

Oh.

MR. STEER:

I beg your pardon, My Lord.

MR. McLENNAN:

Mr. Orysiuk, the next piece of paper I can find chronologically in the Corporation's files is a xerox copy of a letter from the main Bontal Bank dated the 15th of August, 1969 addressed to Mr. Farkas and apparently bearing your signature; do you recognize that?

A Yes, it appears to be my signature; yes, it is my signature.

Q You are satisfied this is a true copy of the original?

A Yes.

THE COMMISSIONER:

Who is the letter to?

MR. McLENNAN:

The letter is from the Main Bontal Bank, Frankfurt, to Victor Farkas Realities Limited, Montreal.

"Dear Mr. Farkas,

We had the pleasure today to discuss --"

THE COMMISSIONER:

What's his signature on there for?

MR. McLENNAN:

It's accepted at the bottom, sir.

THE COMMISSIONER:

I see.

MR. McLENNAN:

"Dear Mr. Farkas,

We had the pleasure today to discuss with you a loan for AHURC in Edmonton as outlined in a letter to your of July 28th, 1969. The debentures have to be guaranteed as to

2-JW-2

R.B. Orysiuk - Examined by Mr. McLennan

MR. McLENNAN: (cont.)

the interest and principle by the government of Alberta. Our bank is interested in buying these bonds or debentures in the amount of Can. Dollars 2.200.000.-. Interest and principle will be payable and repayable in Deutschmarks. They shall bear an interest rate of 9 3/8% p.a. and we would purchase them at 91%. The term is 15 years and the interest payable to us monthly. We expect your answer within 10 days and remain

Very truly yours

MAIN BONTAL BANK."

And then there is an endorsation:

"WE HEREBY ACCEPT THE ABOVE OFFER BY THE MAIN BONTAL BANK TO PURCHASE OUR DEBENTURES.

ALBERTA HOUSING AND URBAN RENEWAL CORPORATION

PER: 'Mr. Orysiuk'
Executive Director

MONTREAL, August 19th, 1969."

Now, what transpired --

THE COMMISSIONER:

That would be 15, I take it.

THE CLERK:

Yes, sir.

LETTER FROM MAIN BONTAL BANK TO
VICTOR FARKAS REALTIES LTD. DATED
15 AUGUST, 1969 MARKED EXHIBIT 15.

MR. McLENNAN:

Now, what transpired, Mr. Orysiuk,

between your letter to Mr. Farkas of July 28th saying, yes, the Corporation is interested in borrowing money, and the letter I have just showed you dated August -- or at least signed by you in August 19th?

R.B. Orysiuk - Examined by Mr. McLennan

A There were discussions between myself and the chairman of the board and the other board members; I believe there was only two members at the time, I'm not sure of that. But I did discuss it with the chairman of the board. I expressed the fact that funds were available --

Q Who was the chairman of the board?

A I believe it was Mr. Colborne at the time, wasn't it?

Q That's not my information.

A Well, it would have been with the chairman; if it was the chairman of the board it would have been Mr. Morrison but I would have discussed it with Mr. Colborne, the Minister, as well. We would have -- I would have explained the --

THE COMMISSIONER:

Don't say you would have, Mr.

Orysiuk; did you or didn't you.

A Yes, I did explain the relationship of the proposal or description of the proposal and the discussions that I had with Mr. Farkas, and it was on that basis then we proceeded; there was myself and Mr. Emmelkamp, the treasurer or the secretary-treasurer of the -- I forget what his position was at the time. He was in charge of the financial division. We proceeded to Montreal to discuss this with Mr. Farkas.

Q All right. I presume that Mr. Farkas then some time after July 28th phoned you and said, looks like we can get you some money.

A Yes.

Q Did he tell you the terms?

A Yes, he mentioned the rates, I can't remember whether the

2-JW-4

R.B. Orysiuk - Examined by Mr. McLennan

A (cont.) specific terms were indicated at the time; but he did give some information. I'm not exactly sure what the total of that information was.

Q And you had received nothing in writing from him at that time?

A No.

Q And it's your recollection that you then discussed the content of that phone call with Mr. Morrison?

A It would have been Mr. Morrison, yes.

Q Well, can you remember discussing it with Mr. Morrison?
And my information is that Mr. Morrison was absent from July 28th until the end of August, 1969 on a business trip.

A Then perhaps that is why I discussed it with the Minister then.

Q And the Minister advises me, I wish to be fair to you, he advised me he never heard of the -- no recollection of it at all.

A Well, I know I discussed it with someone on the board, and if it ...

THE COMMISSIONER: Tell me one simple thing. I have been talking about this before. But here is a Corporation run by a board of directors of five directors. Now, you want to borrow two million dollars more; now, was that proposition laid before the board of directors. They are the people who would borrow for the company, not you or not the minister or not anybody else, as they would be the people who would obtain the government guarantee, I would take it. You didn't give the guarantee.

A No.

R.B. Orysiuk - Examined by Mr. McLennan

THE COMMISSIONER: It was the government guarantee.

Now, what authority had you to pledge the government of the Province of Alberta at this time?

A I was under the impression, sir, that I had the authority of the government to negotiate this loan.

THE COMMISSIONER: You were under the impression, that's not quite enough, is it. Did you have a blank authority from the government to pledge them credit any time you wanted to when you wanted to borrow money? That's going a long way, and you had a board of directors. Now, wasn't this put up to the board of directors? They were the people that would instruct you.

MR. McLENNAN: There is an item in the board meeting September 4th, 1969, My Lord.

THE COMMISSIONER: That's too late.

MR. McLENNAN: Yes, sir.

A I feel that I discussed it with members of the board, whether they were in a board meeting or individually and --

THE COMMISSIONER: Well, we better find out about this.

MR. McLENNAN: Well, you can't recall the identity of any person; you can't remember the identity of any person you discussed it with before August 19th?

A No, I'm sorry, I can't.

THE COMMISSIONER: Before what date?

MR. McLENNAN: August 19th, sir.

THE COMMISSIONER: What date's that?

2-JW-6

R.B. Orysiuk - Examined by Mr. McLennan

MR. McLENNAN: That's the date the acceptance of the offer from the bank was made.

THE COMMISSIONER: Oh yes, yes.

MR. McLENNAN: All right. So, you received this phone call from Mr. Farkas and you then went down to Montreal?

A Yes.

Q And you took Mr. Emmelkamp with you?

A Yes.

Q And what happened in Montreal?

A We arrived there that evening and met --

THE COMMISSIONER: Who is this gentleman he took with him?

Mr. McLENNAN: Mr. Emmelkamp.

A Mr. Emmelkamp. He is the head of the financial division with the Corporation.

THE COMMISSIONER: This is on August 19th, is it?

A About that date, yes, it would have been. It would have been August the 18th, I presume, we would have gone.

THE COMMISSIONER: How do you spell his name?

A E-m-m-e-l-k-a-m-p.

THE COMMISSIONER: And what was he?

A He was head of the financial division of the Corporation.

THE COMMISSIONER: Sorry, Mr. McLennan, but I have got to get this straight.

MR. McLENNAN: Fine, sir.

THE COMMISSIONER: Not that you are not getting it straight but I would like to have definite statements on these

2-JW-7

R.B. Orysiuk - Examined by Mr. McLennan

THE COMMISSIONER: (cont.) things.

MR. McLENNAN: You then went to Montreal and what happened in Montreal?

A We met with Mr. Farkas and his partner that evening; as a matter of fact they picked us up that evening at the airport.

Q Is his partner's name Mr. Singer?

A I don't think so.

Q Okay.

A We drove to the hotel and had a casual meeting at that time, that evening, and we arranged to meet the following morning in Mr. Farkas' accountants offices to discuss the loan and discuss the description of the funds that were available and just pursue it further.

The following morning we met with Mr. Farkas and his accountant. I forget the firm of accountants that this was at. We discussed this in considerable detail --

Q Who was present?

A Mr. Emmelkamp, Mr. Farkas and myself and the accountant. We discussed this in considerable detail. I had discussions with Mr. Emmelkamp as to his view of these particular rates and the particular loan. He was --

THE COMMISSIONER: At that time did Mr. Farkas have the letter from the bank that we have just discussed?

A Yes, he did.

THE COMMISSIONER: All right.

A We discussed the loan, discussed the terms, et cetera, as Mr. Emmelkamp had considerable experience initially in the Audit

2-JW-8

R.B. Orysiuk - Examined by Mr. McLennan

A (cont.) Department, Treasury Department of the Provincial Government before joining us. I depended heavily on his opinion. His view was favourable; there was an indication that this could be committed from the bank. There was indications from the bank the funds were available and that concurrence by me was indicated on that letter.

Q Was the accountants' office Mr. Rosen?

A It could have been.

Q Joe Rosen?

A Sounds familiar, yes.

Q Well, now, what was this discussion about in the sense of what alternatives were you considering?

A We primarily discussed the -- not so much a matter of alternatives but what funds were available, the rate and so forth.

THE COMMISSIONER: You had the letter from the bank in which they said what they proposed to do, didn't you?

A At that time, yes.

THE COMMISSIONER: Yes.

A We went over that letter, we discussed generally the placement of these funds, how they would be transmitted to our banks here, several items of that nature.

Q Wasn't Mr. Rosen there so he could work out the effective rate of interest that you would be paying if you accepted the bank's proposal?

A That was not my understanding, no.

Q Why was he there? He was a chartered accountant, wasn't he?

A He was a chartered accountant as I understood, yes; he was

2-JW-9

R.B. Orysiuk - Examined by Mr. McLennan

A (cont.) working for Mr. Farkas and he was there -- I had Mr. Emmelkamp with me and I presume that was the reason he was there.

Q Well, did you work out the effective rate of interest?

A The rate of interest was, I believe, as discussed in that letter, as noted in that letter.

Q Well, didn't you appreciate, Mr. Orysiuk, that if the interest rate is 9-3/8% as expressed in that letter that you only get 91 dollars for every one hundred you have to pay back, that the effective rate is something greater than 9-3/8ths per cent?

A Yes, I appreciate that.

Q Well, did you figure out what the effective rate was?

A At that time, yes; we discussed that. As a matter of fact we discussed the matter of the Deutschmarks and the floating of those marks and their position at the time and the indications of what general directions they were going in. The fact they were floating and it would ^{be} to our advantage as I understood it at the time to go that way. Those were some of the other points. The fact that --

THE COMMISSIONER: They were floating up at that time, weren't they?

A I'm not sure, sir.

THE COMMISSIONER: And they have floated up since.

MR. McLENNAN: Well, Mr. Orysiuk, did you know anything about the international monetary situation, the relative value of the Deutschmark to the dollar?

A Not a great deal, no.

2-JW-10

R.B. Orysiuk - Examined by Mr. McLennan

Q Did you talk about taking this loan in Deutschmarks as against other currencies, Swiss francs, for example?

A I believe that was discussed but I think the only way they could advance the loan was on Deutschmarks, I think.

Q Well, who was there at that meeting that had any knowledge at all about the international monetary situation?

A Well, from my point of view I felt that Mr. Farkas had this knowledge, that Mr. Emmelkamp from our office knew of this. He was certainly with the government long enough. And I depended on their indication or on their recommendations.

THE COMMISSIONER: Tell me something, was Mr. Farkas acting for you? I mean for your company.

A In looking for these funds?

THE COMMISSIONER: Yes.

A Yes, he was.

THE COMMISSIONER: Did you pay him?

A No.

THE COMMISSIONER: Does he work for nothing?

A No, the understanding that we had was any funds or any payment he would receive would not be from us but would be from the bank or from the source of funds placing the money.

THE COMMISSIONER: It's customary, is it not, when you borrow money that the borrower pays the expenses, doesn't he? If your Corporation lends money to John Smith, John Smith pays the expenses, incidental to the loan.

A Yes. And that's why I thought this 91% on the -- 91% was to cover those costs.

2-JW-11

R.B. Orysiuk - Examined by Mr. McLennan

MR. McLENNAN: Great heavens, Mr. Orysiuk, 9% of 2.2 million dollars is 198,000 dollars -- two hundred thousand dollars. Isn't that a pretty healthy expense?

A Yes.

THE COMMISSIONER: He didn't say it was all for expense. They are the money lender, they can lend it at anything they want to.

MR. McLENNAN: Did you inquire into what fees, what Mr. Farkas' arrangement was for fees?

A It was my understanding that he was to be paid by the bank.

THE COMMISSIONER: Was that discussed?

A Yes.

THE COMMISSIONER: Or did you assume that.

A No, it was discussed.

THE COMMISSIONER: Was Mr. Toshak to be paid by the bank?

A We had no discussions about Mr. Toshak or any relationship with Mr. Toshak.

THE COMMISSIONER: Was Toshak ever paid anything by your Corporation?

A Never.

THE COMMISSIONER: No finder's fee?

A Never.

THE COMMISSIONER: And the other man wasn't paid a finder's fee either?

A Never, no.

MR. McLENNAN: Well, Mr. Orysiuk, we'll hear from

2-JW-12

R.B. Orysiuk - Examined by Mr. McLennan

Q (cont.) Mr. Emmelkamp later, but I put it to you that Mr. Emmelkamp has no knowledge whatsoever of the international monetary situation and any sort of inquiry as to him at all would demonstrate that beyond peradventure of a doubt. Do you suggest you relied on Mr. Emmelkamp for advice as to whether you should borrow in Deutschmarks?

A Not specifically on Mr. Emmelkamp, no, but Mr. Farkas who appeared to be a broker, an international broker. He indicated that he had offices in Germany, that he had offices in Montreal. That he was in --

THE COMMISSIONER: He wasn't acting for you.

A That's right.

THE COMMISSIONER: That's what you told me, that he wasn't acting for you at all; he was acting for the other people you say.

3-HSA-1

B. R. Orysiuk - McLennan Ex.

Q Did you try and figure out the effective rate?

Did you have anybody figure out the effective rate you were paying, or the province of Alberta was paying?

A I can't remember specifically, we must have, but I can't remember when we did or did not.

Q Does this two sheets of paper I show you mean anything to you?

A I don't know if I remember seeing these or not. This certainly isn't my writing.

Q Do you recognize it as being Mr. Emmel Kamp's writing?

A It could be, I don't know.

Q Do you recall ever having seen those two pieces of paper before?

A I think I remember seeing this one. I am not sure if I saw this one. This one rings a bell.

Q Have you any idea when you saw that?

A No I don't.

Q And you don't know whether you ever saw the second piece of paper?

A No I don't.

Q Might those be marked for identification, My Lord?

THE COMMISSIONER: Yes. Do you want to mark them separately?

MR. McLENNAN: I think together, they appear to go together.

THE COMMISSIONER: That will be Exhibit A, Mr. Clerk.

TWO SHEETS OF PAPER REFERRED TO,
MARKED EXHIBIT A FOR IDENTIFICATION.

3-HSA-2

B. R. Orysiuk - McLennan Ex.

Q MR. McLENNAN: Do you recall what the effective rate of this loan was?

A No I don't specifically. It is indicated on there to be 10.3% or something, I don't recall specifically from that discussion the effective rate. There were some benefits resulting --

THE COMMISSIONER: Well you wouldn't make this borrowing unless you knew the effective rate, because the discount was there?

A Right, but I can't remember what the calculation of it was. Could I have a look at that sheet again. 10.3%.

Q MR. McLENNAN: Yes, that is what that says, Mr. Orysiuk, but you don't recall ever having seen that. Do you remember what the effective rate of the money you were borrowing was, at the time?

A I think that was the rate, I can't remember specifically what the going rate was. This was several years ago and --

THE COMMISSIONER: Don't mind the going rate, this is the rate we are talking about now. Don't forget that this was a fairly big transaction, even in your business experience?

A Right.

THE COMMISSIONER: And you were pledging the guarantee of the Province of Alberta, so after all one is a little careful.

A Naturally. I knew that the rate was in the 9 3/8ths to 10% area.

THE COMMISSIONER: Well 9 3/8ths was the actual rate

3-HSA-3

B. R. Orysiuk - McLennan Ex.

THE COMMISSIONER: (Cont.) mentioned in that letter.

A Yes, but the exact effective rate was probably around 10%, and again it is several years ago and I remember that relationship, but specifically what it was I don't remember at this point in time. I knew that the rate was high, we couldn't get funds here at a better rate, in my opinion, and the monies were intended for housing purposes, staff housing purposes, for isolated areas in the province, and it was intended that the costs of these funds would be recaptured through the rent of those units.

THE COMMISSIONER: Well, of course, it doesn't matter how you get it back, you were borrowing in the first instance and you had to pay them?

A Right.

THE COMMISSIONER: And, of course, you did know, I suppose, that the province, through other corporations, had borrowed at a great deal less rate than this, and I will tell you what they were; they were the Alberta Municipal Financing and the Alberta Financial Railway Resources, they were borrowed at nothing like this rate of interest, about this time.

A I believe the funds were considerably larger in amount though, sir.

THE COMMISSIONER: Well maybe they were.

A That has quite a bearing on it.

THE COMMISSIONER: Well we will take a look at those, at least I will take a look at them. After all the Minister

3-HSA-4

B. R. Orysiuk - McLennan Ex.

THE COMMISSIONER: (Cont.) should have known about those. You didn't try to get out an ordinary bond issue?

A Pardon me?

THE COMMISSIONER: You didn't try to get out a bond issue and sell the bond issue?

A Well in my view, or in my opinion at the time the advice that I got and, or from knowledge that I knew by going to a straight bond issue for a couple of million dollars there wasn't too much sense in doing that.

THE COMMISSIONER: With the guarantee of the province?

A That is right.

THE COMMISSIONER: Well you better take a look at Municipal Financing and also the Alberta Railway, they got out a bond issue, didn't they?

A Yes, but for much larger sums than this. This was considered in borrowing circles to be a very nominal amount of money and consequently it would not have achieved much by going by the bond issue.

THE COMMISSIONER: All right. Depends on what you want to pay for the money.

Q MR. McLENNAN: Who advised you of that?

A I don't know specifically that it was advice. It was resulting from discussions with someone, I am sure, I don't know who it was.

Q Well tell me this, Mr. Orysiuk, surely you knew that the Provincial Treasurer and the Deputy Provincial Treasurer of the Province of Alberta?

3-HSA-5

B. R. Orysiuk - McLennan Ex.

A Yes.

Q Were people that were knowledgeable in this area?

A Yes.

Q Did you contact them regarding this proposed borrowing from Germany?

A No I didn't.

Q Why?

THE COMMISSIONER: He told you who he contacted, a member of the board.

Q MR. McLENNAN: Why wouldn't you go see the Provincial Treasurer, he was a member of your Board, wasn't he, Mr. Stewart?

A I don't know if he was at the time.

Q Well he was at the time.

THE COMMISSIONER: Mr. McLennan is the authority.

Q MR. McLENNAN: F. G. Stewart?

A Yes.

Q Why wouldn't you go and contact the Deputy Provincial Treasurer and say, I need a couple million dollars, and I am thinking about borrowing it in Germany, and I am talking to a guy that I just laid eyes on once by the name of Farkas, and he tells me this, is it right?

A Well, I just didn't.

Q You relied on Mr. Emmel Kamp?

A Yes.

THE COMMISSIONER: He also relied on Mr. Farkas and Mr. Farkas wasn't even his agent, he says.

3-HSA-6

B. R. Orysiuk - McLennan Ex.

Q MR. McLENNAN: Did you know anything about interest rates in international monetary considerations at that time?

A Not international considerations, no. Interest rates, I had an idea what the interest rates were in the province and what they were going for and what the rates were being paid, primarily for mortgage funding.

Q Looking at a set of minutes dated Tuesday, December 23rd, 1969, Mr. Orysiuk, and on page 6 there is the entry, Mr. Orysiuk brought up the subject of interest rates and he pointed out that in agreement with C.M. and H.C. the preferred interest rate is 7 7/8ths percent and A.M.F.C. is lending money to municipalities at 8%. He turned to Mr. Stewart for a recommendation as to what rate Alberta Housing and Urban Renewal Corporation should use for public housing, etc.?

A Yes.

Q So you knew that he was the guy to talk to about interest rates?

A Insofar as this was concerned, yes, but those were preferred interest rates that we were dealing with as between government bodies, they weren't monies that were going to be used for housing purposes on the market.

Q Do you remember who worked out the effective rate of this borrowing for you?

A At that meeting?

Q At any time?

3-HSA-7

B. R. Orysiuk - McLennan Ex.

A It would have probably been Mr. Emmel Kamp, I don't remember specifically, I think both accountants were working on it; Mr. Rosen and Mr. Emmel Kamp.

Q I am showing you the next item of correspondence in the corporation's files, do you recognize those?

A Yes.

Q And is that a true copy of a memorandum from yourself to Mr. Morrison, the Deputy Minister of Municipal Affairs, dated September 2nd?

A Yes.

Q And an accompanying blank approval?

A Yes.

Q Might those be marked?

MEMORANDUM DATED SEPTEMBER 2nd,
TOGETHER WITH ACCOMPANYING BLANK
APPROVAL, MARKED EXHIBIT 16.

Q MR. McLENNAN: Was there some standing policy that you couldn't journey out of the province of Alberta without Ministerial approval?

A Yes.

Q And I gather when you got back from Montreal you dictated the memorandum to Mr. Morrison with a back dated approval in accordance with the telephone conversation you had before you left?

A That is correct.

Q And who was the telephone conversation with, Mr. Morrison or the Minister?

A It was with the Minister.

3-HSA-8

B. R. Orysiuk - McLennan Ex.

Q Can you recall that now, the telephone conversation with the Minister?

A Yes, I am sure I can because as a matter of fact that was probably the time at which this was discussed, and the reason for me going. Could I see the date again, please?

Q Yes.

THE COMMISSIONER: Just let me see it, please.

Q MR. McLENNAN: Now, I am showing you another piece of paper, or a piece of hotel stationery from Zurich, indicating how the documents should be signed, do you know if you came into possession of that, and if so, how?

A No I don't, this isn't familiar to me.

Q I am showing you some gentleman's business card from the Main Bontal Bank, do you know how you came into possession of that?

A Yes, a gentleman visited us from the Main Bontal Bank subsequent to these negotiations.

Q Have you any idea when?

A Not specifically, no, but it would have been after, either in the fall or in the spring of the subsequent year.

Q Mr. Egert?

A Yes, I think so.

Q And what was the purpose of his visit?

A He had never been to Canada before and he wanted to see Edmonton and meet the corporation.

Q Was he inquiring as to whether or not you had any more money requirements?

3-HSA-9

B. R. Orysiuk - McLennan Ex.

A I don't think so at the time, no.

Q Just travelling through town, was he?

A No, he was apparently in Canada and because they had a loan here they wanted to see the City. He had never seen Edmonton before nor had he been in the province.

Q All right. Well when you got back then having made this commitment on August 19th, what did you do?

A If I remember correctly we were to get some documentation, and I think this we received, and then I proceeded to go to the Provincial Treasurer and discussed it with him and with the documentation I obtained the Provincial guarantee on those documents. I went to the --

Q Well you had a board meeting in the interim, didn't you?

A Yes, I think so; I am not specifically sure of the sequence of this.

Q I am showing you the Alberta Housing and Renewal Corporation agenda for the meeting of September 4th, 1969, a summary of items on the agenda, and the minutes of that meeting, would you examine them and tell me if you recognize them?

A Yes.

Q Now, who prepares the agenda for your board meeting?

A At that time it would probably be done by myself, and I don't know who else. The items would have been added, my secretary would have probably prepared the agenda. She was also secretary to the board.

Q Is that Mrs. --

A Knull.

3-HSA-10

B. R. Orysiuk - McLennan Ex.

Q And would she prepare a summary of items on the agenda, or is that something that you would dictate and she would type?

A I am not sure, it would vary.

Q Well --

THE COMMISSIONER: Well you don't leave these things to a stenographer, do you?

Q MR. McLENNAN: She wouldn't know what the items on the agenda were meant to discuss, would she?

A Not really, no.

Q Well someone else must prepare a summary of the items on the agenda?

A Well this wasn't done all the time.

Q Well it was done in this case?

A Yes.

Q Well who would have done it?

A I would have probably done it.

Q All right, now neither on the agenda -- perhaps this should be marked.

THE COMMISSIONER: Well we will mark it all right but if you are going to use it I think some of the counsel might want a copy of it, and I certainly will.

MR. McLENNAN: I will have some copies prepared, sir.

THE COMMISSIONER: You will want it, won't you?

MR. STEER: Yes, My Lord, I was going to look at it when we adjourned.

THE COMMISSIONER: I mean I don't want to take the

3-HSA-11

B. R. Orysiuk - McLennan Ex.

THE COMMISSIONER: (Cont.) original minutes to Calgary.

MR. McLENNAN: I will replace them with Xerox
copies, sir.

THE COMMISSIONER: Yes. Well you can mark it now.

AGENDA, SUMMARY OF AGENDA AND
MINUTES OF MEETING OF SEPTEMBER
4th, 1969, MARKED EXHIBIT 17.

Q MR. McLENNAN: Now neither the agenda, nor the
summary of items on the agenda, refer to this commitment you
had made two weeks earlier in Montreal, Mr. Orysiuk?

A Yes.

Q You recognize that?

A Yes.

Q Why would that be?

A It could have been an oversight, I don't know. We were
discussing, as you can see there are tremendous number of
items on the agenda and it was raised in the meeting and
discussed at the meeting but if it was not on the agenda
I don't know why.

Q Well on the agenda is the by-law, which is by-law number 4,
which would authorize this borrowing, is that right?

A Yes, it was a general by-law of the corporation.

Q Well the corporation had to have a by-law to authorize this
borrowing?

A Right, right.

Q And the previous by-laws only allowed borrowing from
Central Mortgage and Housing Corporation?

A That is right.

3-HSA-12

B. R. Orysiuk - McLennan Ex.

Q And they only allowed borrowing in Canadian funds?

A Could have been, I don't remember the by-law specifically.

Q You had a new by-law prepared then to allow borrowings and repayment in any funds?

A Yes.

Q And you summarized that this was what that by-law was going to do?

A Yes.

THE COMMISSIONER: After the agreement had been entered into.

Q MR. McLENNAN: Yes. But in any event surely that would bring forward to your mind that you had just signed a commitment for \$2,200,000.00 in Deutschmarks, it was the very reason for the by-law, wasn't it?

A Yes it was, in fact it was a point of discussion for that purpose.

Q And why wouldn't you summarize the terms of the borrowing, the identity of the borrower, the copy of the commitment letter you signed in Montreal, why wouldn't you put any of those things before this board of directors?

A I informed them at that meeting, it just didn't appear in the agenda though.

Q When you got back from Montreal you sent a letter to the Main Bontal Bank, and one to Victor Farkas Realities?

A Yes.

Q Do you recognize those as being --

THE COMMISSIONER: What are you talking about now?

3-HSA-13

B. R.O rysiuk - McLennan Ex.

MR. McLENNAN: The same items, sir.

THE COMMISSIONER: Well is this considered by the board? You left it there, or did you leave it there?

Q MR. McLENNAN: Is it considered by the board to be authority for this borrowing?

THE COMMISSIONER: Yes?

MR. McLENNAN: Well the by-law authorizes the borrowing.

THE COMMISSIONER: In the minutes?

MR. McLENNAN: Yes, sir, authorizes -- not this specific borrowing, it authorizes the borrowing of up to fifteen million dollars.

THE COMMISSIONER: I don't know what is in it at all.

MR. McLENNAN: Well by-law number 4 is a by-law authorizing the corporation to borrow up to fifteen million dollars annually. The form of the by-law is similar to the one which we have been passing annually, the only difference is that we have excluded borrowings from C.M. and H.C. only. The other difference is that the by-law, which I will put in, authorizes the money. This is the authorization of the by-law.

THE COMMISSIONER: Does it authorize this specific borrowing?

MR. McLENNAN: No, sir, it authorizes borrowing of money --

THE COMMISSIONER: Well is there a resolution authorizing this specific borrowing?

3-HSA-14

B. R. Orysiuk - McLennan Ex.

MR. McLENNAN: The only mention is at the end of this meeting one other point was finally raised and concurred with by the board and this was the fact that the corporation had recently consummated the loan in the amount of \$2,200,000.00 from Germany for staff housing purposes.

I intend to call the people who were at that board meeting, sir.

THE COMMISSIONER: All right. That minute doesn't authorize the borrowing at all, it just states that the borrowing has been made.

MR. McLENNAN: Yes, sir.

THE COMMISSIONER: I practice quite a little bit of company business and I am just wondering how they go about these things.

MR. McLENNAN: There is no subsequent resolution of the board approving this particular loan.

THE COMMISSIONER: Well, of course, that is up to the bank who took the securities without realizing that there wasn't an authorization form.

Q MR. McLENNAN: On September 3rd, Mr. Orysiuk, you sent certain financial information to Mr. Farkas in connection with the financial condition of Alberta Housing and Urban Renewal Corporation?

A Right.

Q Why?

A He must have asked for it by telephone call.

3-HSA-15

B. R.Orysiuk - McLennan Ex.

Q But at that point, as I understand it, this deal had been struck?

A My recollection of that letter, or that acceptance, or -- between the signature that I made on that letter between -- that was written from the bank to Farkas, was an indication of the fact that we would be interested in committing the funds, or in getting those funds, and that the commitment per se would be one that would have to be confirmed through the channels of obtaining the documents here, going through the procedure and getting the approvals, the government guarantees, and the signing of that borrowing by the Chairman of the board, and subsequent return.

Q Well you didn't think you had a deal on August 19th then?

A Not committed, no. In my interpretation of it, as I remember it, this was intended to give us a negotiating position, a commitment from the standpoint of blocking funds, not from the standpoint of taking the funds per se.

Q Well my understanding of the meeting in Montreal was that there was some urgency to you accepting their offer because interest rates and rates of exchange might change?

3-MTH-1

R.B. Orysiuk - McLennan Ex.

Q (continued) So it had to be done right now if you wanted that particular offer?

A Yes, but that was for a block of funds as I understood it.

Q Did you understand that the Main Bontal Bank was committed to loan you \$2,200,000 at 9 3/8th percent with a 9% discount?

A The commitment was on their part, yes, to loan us that money.

Q But you weren't committed?

A That's the way I understood it. I accepted --

THE COMMISSIONER: -- well, the document is there.

The document, they make an offer and you write on the bottom that it's agreed on.

A As to the terms but I couldn't borrow the money. That would have to go through the process of the documentation coming through the Government and through the Corporation and the documents executed.

Q MR. McLENNAN: In any event, they were still apparently seeking financial information about the person they intended to lend money to?

A Yes.

Q And also, on September 3rd, you wrote to them and advised them that the Alberta Housing and Urban Renewal Corporation is a Crown Corporation owned and created by the Province of Alberta to carry out the functions and duties of the provincial housing program?

A Yes.

Q And that the debentures being issued are fully guaranteed by the Province of Alberta?

3-MTH-2

R. B. Orysiuk - McLennan Ex.

A Yes.

THE COMMISSIONER: That was before the meeting of
September 4th, was it?

MR. McLENNAN: Yes.

THE COMMISSIONER: Where any mention had been made of
this by the Board.

Q MR. McLENNAN: It's difficult to understand, Mr.
Orysiuk, if you had a commitment from the Main Bontal Bank in
August, why you would be telling them that it was a Crown
Corporation and what its function was. Didn't they know?

A I'm sure - well, I can only assume that they did through Mr.
Farkas.

Q Why were you writing them after the deal was made, telling
them? You didn't tell anyone else, did you?

A No. They must have asked for it at some point in time.

Q Who are you? What do you do - in effect?

A Right. Maybe they wanted it in letter form from us.

Q All right. Now, after the bylaw was passed at the meeting of
September 4th, you had prepared what you called a debenture and
it was signed by Mr. Morrison and yourself?

A Yes.

Q And you took that to Mr. Elliott, did you, and have him
guarantee it on behalf of the Provincial Treasurer?

A That's not the guarantee. The guarantee is here. This is a
notarization of the guarantee.

Q Did I say Mr. Elliott?

A Yes.

3-MTH-3

R. B. Orysiuk - McLennan Ex.

Q Mr. Stewart, the Deputy Provincial Treasurer?

A Yes, I did.

Q And is this a true copy of the debenture and the guarantee and the notarial certificate?

A It appears to be, yes.

MR. McLENNAN: Could that be marked, sir?

THE COMMISSIONER: What date is that?

MR. McLENNAN: The debenture is signed the 15th of September, 1969.

THE COMMISSIONER: 15th of September?

MR. McLENNAN: 15th of September. The guarantee is unsigned - I'm sorry, undated but it's attached and the notarial certificate is the 10th of September, 1969. That's a pretty neat trick.

THE COMMISSIONER: Yes.

MR. McLENNAN: That's the dates on them, any way.

THE COMMISSIONER: Lots of neat tricks going on.

THE CLERK: Exhibit 18.

THE COMMISSIONER: Yes.

DEBENTURE DATED 15th SEPTEMBER 1969
TOGETHER WITH ATTACHMENTS AS ABOVE
DESCRIBED MARKED EXHIBIT 18.

Q MR. McLENNAN: When did you get the form of debenture that you used, Mr. Orysiuk, do you know?

A No, I don't. It must have been prepared through Mr. Emmelkamp's office. It could have been from the Treasury Department as well.

Q You then took the documents to the German Consulate in Edmonton?

3-MTH-4

R.B. Orysiuk - McLennan Ex.

A Yes.

Q And had them, I don't know if certified is the right word but recognized, anyway by the German Consulate here?

A Yes.

Q A certificate of authenticity --

A -- something like that, yes.

Q And you paid for that with your personal cheque?

A Yes.

Q Now, at some point somebody said, don't take those Deutsche marks out of Germany. The mark is about to be revalued any day. Do you recall that?

A Yes, and I think that was even raised by the Deputy Provincial Treasurer, Mr. Stewart, at one point. This was before the funds were transferred to us or in the process of them being transferred to us from the bank.

Q Well, the debenture was in fact issued on the condition that the funds be held in Germany, was it not?

A We must have learned of this fact before the debenture had gone out or the material had gone back to them. It's all being enclosed in that as a covering registered letter to --

Q Perhaps that ought to be marked. I'm showing you a copy of a letter of September 10th, 1969, to Victor Farkas Realities?

A Yes.

Q Enclosing the debenture signed and executed on behalf of the Corporation, notarized and legalized by the German Consulate and executed as to the guarantee of repayment by the Deputy Provincial Treasurer of the Province of Alberta?

3-MTH-5

R.B. Orysiuk - McLennan Ex.

A Yes.

Q And you forwarded that debenture on condition that the funds be held in Germany?

A Yes, forty-five days.

Q At least?

A Yes.

THE CLERK: 19, sir.

THE COMMISSIONER: Yes.

CARBON COPY OF LETTER DATED SEPTEMBER 10th, 1969 ADDRESSED TO VICTOR FARKAS REALTY MARKED EXHIBIT 19.

Q MR. McLENNAN: Now, did someone tell you to issue the debenture only on that condition?

A This was, I believe on advice of Mr. Farkas who called and said there may have been, that there would be an adjustment in the rate, the Deutsche mark was floating and it would be to our benefit to hold it if we could, for forty-five days in Germany in that bank.

Q And there was a subsequent revaluation?

A Yes, there was.

Q My understanding, Mr. Orysiuk, is that Mr. Stewart, as soon as he saw the loan said, leave those funds in Germany?

A It could have been him. I'm not positive who it was but there was some indication from someone.

Q Now, did anyone at a later date tell you not to borrow any further funds without checking with the Provincial Treasurer?

A I can't remember specifically, no.

Q Do you remember any admonishment or direction from either the

3-MTH-6

R.B. Orysiuk - McLennan Ex.

Q (continued) Chairman of your Board or your Minister or the Deputy Provincial Treasurer saying that the deal that was made was, provided for an extravagant rate of interest for a Provincial guaranteed loan?

A No, I don't remember that.

Q Now, that summer, were you dealing with other people with a view to them finding money for the Corporation?

A We were contacted, I believe by another firm, yes.

THE COMMISSIONER: This is the summer of '69?

Q MR. McLENNAN: Yes, sir. And that's Nor-Am Investments?

A It could have been. I don't remember the name specifically.

Q Where did you get steered onto them or them on to you?

A They contacted us directly.

Q Do you know why?

A No.

Q Was that Mr. Toshach?

A No.

Q Do you know it wasn't Mr. Toschach?

A No, I don't know. I just say I don't know who contacted them.

Q Did they indicate they had money available to you, for you?

A They said that they were also in the business of looking for money; they asked whether or not we were looking for funds at the time. I mentioned that we had been or - and I can't remember what transpired after that. I believe they contacted us again and I think there was some correspondence between them and our office but I don't remember specifically what that was.

R.B. Orysiuk - McLennan Ex.

Q Well, did you ever get an offering from them?

A No, not to my recollection.

Q Did you ever ask them for an offering?

A The basis on which our discussions were with them, if I remember, that should they come across some funds, they would be in contact with us.

Q Well, did you ever comparative shop, if I can put it that way, as between them and Mr. Farkas?

A I would have done so if these people would have brought in an offer, yes.

Q Did you also deal with Mortgage Consultants Inc., Mr. Prehogan?

A I can't remember the name.

Q Do you know whether or not he was referred to you by Mr. Toschach?

A Not to my knowledge.

THE COMMISSIONER: I thought the evidence here, Mr. McLennan, was that prior to making this arrangement with Mr. Farkas, the witness got in touch with several banks and he doesn't know who he got in touch with and also a mortgage company or so and that was the extent of the efforts that he made to borrow this money, which were fruitless. He knew that C.M.H.C. would not make the loan. Now, that's what I understood the evidence to be. Are you introducing something else now? I don't know anything about this.

Q MR. McLENNAN: Well, you had made some other inquiries that summer from other mortgage consultants or money brokers?

R.B. Orysiuk - McLennan Ex.

A Yes, I must have if those are letters coming from them.

Q Don't you remember, sir?

A I remember people contacting me in regards to this, yes, but I don't remember their specific companies. Yes, I remember this letter.

Q That's from Nor-Am?

A Investment Company.

Q Was that one of the companies you talked to about trying to arrange money?

A Yes.

Q They weren't intending to go overseas, were they?

A I wasn't sure where they were going to shop for their money.

Q Well, you told Mortgage Consultants Inc. on August 29th, that you didn't require them immediately and you would keep their advice on hand, is that right?

A Yes, it appears that - yes.

Q I'm wondering why you wouldn't call them up and say, well look it. I can get some money in Germany for ten and a half or whatever percent you were paying on it but what kind of deal have you got available? What kind of funds can you get me?

A I don't know why. This must have been on the file and maybe I never referred to it after that.

Q It's exactly the same time, August 29th, 1969, you wrote them and September 4th, you wrote Nor-Am, isn't that correct?

A Well, Nor-Am wrote me on September 4th.

Q I'm sorry, when did you write them?

A I wrote them on September 10th.

3--MTH-9

R.B. Orysiuk - McLennan Ex.

Q Quite right. Did you talk to Nor-Am at all when you were in Montreal?

A No, we didn't.

Q I'm showing you a copy of a bylaw that authorized this borrowing. Do you recognize that as a Xerox copy of the bylaw that was passed at the Minutes of September 4th, at the meeting of September 4th, 1969?

A Yes.

MR. McLENNAN: Could that be marked, sir?

THE COMMISSIONER: Exhibit 20.

XEROX COPY OF BYLAW AS ABOVE
REFERRED TO MARKED EXHIBIT 20.

THE COMMISSIONER: What date was that? Is that dated September 4th?

MR. McLENNAN: Yes, sir.

Q MR. McLENNAN: Mr. Farkas was out to see you the following --

THE COMMISSIONER: -- is that bylaw referred to in the Minutes?

MR. McLENNAN: Yes, sir.

THE COMMISSIONER: Just a minute, in regard to the specific borrowing?

MR. McLENNAN: No, sir. It's the one that authorizes the borrowing of up to \$15,000,000.

THE COMMISSIONER: It's just a general bylaw?

MR. McLENNAN: Yes. It's the only bylaw that authorizes this borrowing.

THE COMMISSIONER: Yes.

3-MTH-10

R.B. Orysiuk - McLennan Ex.

Q MR. McLENNAN: Mr. Orysiuk, Mr. Farkas was out to see you sometime prior to April 15th, 1970?

A Yes, he could have.

Q And he wrote you, thanking you for your kind reception, etcetera?

A Yes.

Q And he advised you that he wanted to thank you for the introduction to Mr. Edward Achtem and Mr. Dan Johnston and said "I hope that both these meetings will result in a fruitful and profitable association," is that right?

A Yes, that's what it says.

Q Who is Mr. Dan Johnston?

A I don't remember Mr. Dan Johnston, who that - I know several Dan Johnstons, one was with Neonex Trailer Company. To be honest with you, I can't remember that specific meeting.

THE COMMISSIONER: What date was that?

MR. McLENNAN: It was sometime before, the letter is dated April 15th, 1970, it's sometime before that that Mr. Farkas was out.

THE COMMISSIONER: Well, did Mr. Farkas, when he was here, attempt to pick up a finder's fee for this money from the company?

A No, he did not.

THE COMMISSIONER: At no time?

A At no time.

THE COMMISSIONER: I don't know how Mr. Farkas makes a living. Maybe we'll have to call Mr. Farkas and find out.

3-MTH-11

R.B. Orysiuk - McLennan Ex.

Q MR. McLENNAN: Mr. Orysiuk, did the Corporation, Alberta Housing Corporation have any expenses in connection with that borrowing other than your trip and Mr. Emmelkamp's trip to Montreal?

A That was the only expense.

Q How was it that you and Mr. Achtem and Mr. Farkas got together?

A It would have probably been related to some real estate or projects that they might have been interested in in the area or Mr. Farkas might have been interested and it was probably on my suggestion that he meet with Mr. Achtem and Mr. Johnston.

Q Whoever Mr. Johnston is?

A I can't remember Mr. Johnston. To be honest with you, I don't remember the meeting.

Q Did he invite you to Europe at the same time, Mr. Farkas?

A Yes, he suggested that he would like me to come to Europe with him.

THE CHAIRMAN: At your own expense?

A Yes.

Q MR. McLENNAN: You don't recall sending a wire or a telex to Nor-Am, advising them that 9 and 7/8ths interest rate would be all right if you received your Board's approval?

A No, I don't.

Q Do you recall any offering by them of terms on a borrowing of two million or thereabouts?

A I can't, no.

Q You maintained a bank account with Royal Bank of Canada, main branch, B. Robert Orysiuk or --

3-MTH-12

R.B. Orysiuk - McLennan Ex.

THE COMMISSIONER: Are you going on to another point now?

MR. McLENNAN: Yes.

THE COMMISSIONER: What was the result of this financing, how much money did the company actually get?

Q MR. McLENNAN: Can you tell us, Mr. Orysiuk? I intend to call Mr. Emmelkamp, the accountant who can give us that.

THE COMMISSIONER: All right, all right.

MR. McLENNAN: What the company received, I can tell you, My Lord.

THE COMMISSIONER: Well --

MR. McLENNAN: -- is --

THE COMMISSIONER: -- counsel may object to you giving all the evidence.

MR. McLENNAN: Well, Mr. Emmelkamp will give this evidence but there was a subsequent revaluation so --

THE COMMISSIONER: -- as long as we get that.

Q MR. McLENNAN: You maintained a bank account with Mr. Achtem at the Royal Bank, main branch?

A Yes.

THE COMMISSIONER: He did what? What did you say he did?

MR. McLENNAN: Maintained an account, bank account.

THE COMMISSIONER: What did Achtem have to do with it?

MR. McLENNAN: That's what I'm going to find out, sir.

3-MTH-13

R.B. Orysiuk - McLennan Ex.

THE COMMISSIONER:

Was it a joint account? I don't
know --

MR. McLENNAN:

-- yes.

THE COMMISSIONER:

You mentioned it. I didn't know
whether you meant it or not --

Q MR. McLENNAN: -- this was a joint account?

A Yes.

Q And that was opened when, do you know, Mr. Orysiuk?

A It should be on the statements.

Q It looks to me like January 20th, 1971?

A That could be, yes.

Q Would that be about right?

A Yes.

Q What was that account opened for?

A It was opened on, for the purpose of doing some joint, either
land acquisitions or investment in property.

Q And whose funds went into it?

A I object to answer the question on the grounds previously
mentioned. The funds that went into that account were funds
which came from the payment of fees from Mr. Achtem to myself.

Q That is your portion of the commissions he earned from Alberta
Housing Corporation?

A I object to answer on the grounds previously mentioned. Yes.

Q And what activities were carried on out of that account?

A I object to answer on the grounds previously mentioned. After
the account had been opened up, they, we decided not to proceed
with using that as a financial vehicle at that point and it

R.B. Orysiuk - McLennan Ex.

A (continued) was primarily used by me for normal purposes. It wasn't used as an investment or to buy property or anything of that nature.

Q You used the funds deposited to that account for your own purposes?

A I object to answer on the grounds previously mentioned. Yes.

Q And the funds were deposited to the account by whom?

A I refuse to answer - I object to answer the question on the grounds previously mentioned. By Mr. Achtem.

THE COMMISSIONER: Well, if this was a joint account, perhaps you might find out if Mr. Achtem drew on that account or was it all drawn by this gentleman.

Q MR. McLENNAN: I think the witness has already said that the only disbursements were disbursements by, in his favour, is that right?

A I object to answer the question on the previous grounds. I believe so. I'm not certain. I don't have the cheques or all the withdrawals on it but I believe they were done primarily, the majority of which by myself.

Q Who has the cancelled cheques for that account?

A I object to answer the question on the grounds previously mentioned. I would probably have them. I don't have any - I don't have them at the moment.

Q When did you last see them?

A I object to answer the question on the grounds previously mentioned. Probably when the account was closed out.

3-MTH-15

R.B. Orysiuk - McLennan Ex.

Q Which was August of '72?

A Yes.

Q Now, dealing with other cancelled cheques, Mr. Orysiuk, your counsel has produced to me a number of cancelled cheques from your Canadian Imperial Bank of Commerce bank account, but you only have cheques going back till 1973?

A That's correct.

Q You have no other cancelled cheques?

A No.

Q Your file on the cost of your garage is pretty complete, is it not?

A Fairly, yes.

Q There were only two things missing from it and you know of both of them?

A Yes, yes. There may be some other smaller items, I don't know.

Q I'm wondering how on the one hand, you happen to have a complete file of the cost of building your garage in 1969 and on the other hand, you don't seem to save any of your cancelled cheques?

3-JW-1

R.B. Orysiuk - Examined by Mr. McLennan

A Well, all the bills on there were stamped and we usually marked them and only kept the cancelled cheques usually for a period of a year, the previous year.

Q All right. Were there any borrowings from the Royal Bank of Canada by you and Mr. Achtem?

A No.

Q Or by you alone?

A No.

Q Now, on June 30th, 1973 you paid the Receiver General \$15,317.12 according to one of the cancelled cheques your counsel has provided me with; was that for 1973's income tax?

A I object to answering on the grounds previously mentioned. That would probably have been for the 1972 year if that was a 1973 cheque. It would probably have been for the previous year.

Q Did you pay income tax, Mr. Orysiuk, on the funds you received from Mr. Achtem?

A I object to answering the question on the grounds previously mentioned.

Yes.

Q All that was declared income?

A I object to answering on the grounds previously mentioned. Yes, it was all declared income.

Q And having thought about it overnight are you in any better position to advise the inquiry as to what that \$10,000 receivable was in 1969, the item that referred to preliminary plans, finder's fees, and Letourneau Homes?

3-JW-2

R.B. Orysiuk - Examined by Mr. McLennan

A I object to answering the question on the grounds previously mentioned.

The only thing that I can conclude is there was a payment made in 1969 from Mr. Achtem of the commissions that he obtained to me and that was in the vicinity of \$9,000. So there must have been a minimal balance there. I couldn't recollect having anything to do with Letourneau Homes; that may have been anticipated, something that could have been coming up but I don't remember and I don't recall it.

THE COMMISSIONER: I thought that payments made by Mr. Achtem commenced in 1970 on a yearly basis, because he wasn't paid in '69, was he?

MR. McLENNAN: No, he wasn't paid in '69.

THE COMMISSIONER: Well, why was Mr. --

A I object to answering on the grounds previously mentioned. I believe in my records, and those are just from recollection, sir, that I put together the other night, I believe there was some payment made in 1969.

MR. McLENNAN: Mr. Emmelkamp will tell us that, My Lord.

THE COMMISSIONER: Because he finished his business by October, '69.

MR. McLENNAN: The standing committee of public accounts, being the Legislative Committee --

A Yes.

Q -- made a number of inquiries in connection with the commissions that were paid to Mr. Achtem and to Clement Parlee

3-JW-3

R.B. Orysiuk - Examined by Mr. McLennan

Q (cont.) and Weber Brothers.

A Yes.

Q And you appeared before that Committee on a number of occasions.

A Yes.

Q And answered a number of questions.

A Yes.

Q Dealing with those commissions?

A Yes. There weren't only commissions involved, there was numerous subjects that were involved; the land assembly and I think there was other questions as well.

Q Yes, but commissions seemed to catch their attention for quite some while.

A Yes, they did.

Q And you didn't advise that Committee of your consulting arrangement with Mr. Achtem?

A I object to answering on the grounds previously mentioned.
No.

THE COMMISSIONER: What committee are you talking about?

MR. McLENNAN: Public accounts committee of the legislature.

You were going to produce a list, Mr. Orysiuk, of revenue you received from Mr. Achtem.

A Yes, this is --

MR. STEER: Before that list is turned over, I think the witness ought to take the usual protection as he has taken before in producing the document, and simply -- just go ahead. If I may, My Lord, interject.

3-JW-4

R.B. Orysiuk - Examined by Mr. McLennan

THE COMMISSIONER: Yes, quite. He has taken it every time he asked for it.

MR. STEER: Yes, and I just wanted to be sure he took it with respect to this, sir.

THE COMMISSIONER: Quite, oh yes.

A I object on the grounds previously mentioned. This is the list as I could recall it and it was one which I prepared the other evening at home, and that's to the best of my recollection. These were the amounts that were noted in the -- that I paid income tax on and --

MR. McLENNAN: Did you take these numbers from your tax returns?

A No, it was from another list that I had in the house.

Q What kind of list?

A Oh, expenses and so forth.

MR. STEER: Mr. Orysiuk, I would advise you --

A Oh, I'm sorry. I object on the grounds previously mentioned. I had made some notes in my office at home.

MR. McLENNAN: On what subject?

A I object on the grounds previously mentioned. On the subject of this particular transaction.

Q Will you produce them?

A They were just pencil notes -- I object on the ground previously mentioned.

MR. STEER: Just one moment, Mr. Orysiuk.

I would like to be in a position to advise this witness before he answers that question, sir. I don't know the circumstances

3-JW-5

R.B. Orysiuk - Examined by Mr. McLennan

MR. STEER: (cont.) of this. We had numerous conversations, of course, and those are privileged. I told him to do certain things about getting his memory refreshed; I have no idea about this. I would like to consider it if I might.

THE COMMISSIONER: Well, have you considered the other matters that we left yesterday?

MR. STEER: Pardon?

THE COMMISSIONER: Have you considered the other matters such as privilege, et cetera, which we mentioned? That's not privilege with you, of course.

MR. STEER: That was dealt with immediately this morning. My friend Mr. McLennan asked Mr. Orysiuk with regard to that question, whether he regarded Mr. Achtem as his solicitor and whether there was any privilege and he replied, no.

THE COMMISSIONER: There was no privilege if he wasn't --

MR. STEER: Yes, sir.

THE COMMISSIONER: I knew that, because he was the solicitor, apparently, on this occasion for the Corporation.

MR. STEER: Pardon?

THE COMMISSIONER: He was the solicitor for the Corporation in obtaining these lands.

MR. STEER: That may well be so, sir.

THE COMMISSIONER: I thought he was, I thought that was the ground you were taking, that he was never the solicitor for Mr. Achtem.

MR. STEER: For Mr. Orysiuk.

3-JW-6

R.B. Orysiuk - Examined by Mr. McLennan

THE COMMISSIONER: I'm sorry, Mr. Orysiuk. Therefore
no question of privilege could arise.

MR. STEER: That is right, sir.

THE COMMISSIONER: Except that Mr. Achtem undoubtedly
acted for him personally as solicitor in doing certain things.
I imagine, we see companies being incorporated and that sort
of thing on which we have had no particular evidence.

MR. STEER: That is right. On the subject we
discussed, we went over it with Mr. Orysiuk and I advised my
friend and he asked the appropriate questions this morning.

THE COMMISSIONER: There is no privilege to be waived,
the solicitor and client privilege between the witness and Mr.
Achtem.

MR. STEER: That is what Mr. Orysiuk has said
in the box.

THE COMMISSIONER: Or Mr. Achtem's firm, if it is a
firm of which he is a member. I don't know that either.

MR. STEER: This is what the witness replied
to my friend this morning.

THE COMMISSIONER: Yes, I think so.
Were there some other matters that Mr. Steer was going to look
into?

MR. McLENNAN: There are some documents he was
going to produce, My Lord, and they appear to be here.

THE COMMISSIONER: You have those so you can use them
if you want to.

If this document that you have in your hand, Mr. McLennan,

3-JW-7

R.B. Orysiuk - Examined by Mr. McLennan

THE COMMISSIONER: (cont.) was prepared for the use of Mr. Steer --

MR. McLENNAN: Quite.

THE COMMISSIONER: -- in connection with perhaps
impending litigation, I don't know whether Mr. Steer anticipates
that or not. He may be thinking ahead of us. Then, of course,
it would be privileged. If there is no suggestion of
impending litigation or anything else, I don't know ...
It was prepared for this hearing, I take it.

MR. McLENNAN: I'll clear that area if I might,
My Lord.

THE COMMISSIONER: Well, you do know from evidence we
got yesterday that, and these are rough figures, but Mr.
Achtem was paid some three hundred and eight thousand dollars
I think it was, and the witness takes half of it. Now, when
he obtained it doesn't make much difference. That was the
evidence as I recall it, given quite freely.

MR. McLENNAN: Yes, sir.

Mr. Orysiuk, the records that you say you prepared this from,
were they records that you have compiled or put together
either at the request of Mr. Steer or at Mr. Steer's
suggestion?

A I object to answering the question on the grounds previously
mentioned.

These were records -- or this was information that was put
together as a result of discussions with Mr. Steer and are
being transmitted to you for the information which you have
requested.

3-JW-8

R.B. Orysiuk - Examined by Mr. McLennan

Q Well, do you still have your duplicate tax returns?

That wasn't prepared for Mr. Steer.

A I object to answer on the grounds previously mentioned.

I don't believe that I have, these were not prepared from those tax returns.

Q You haven't kept copies of your tax returns?

A I object to answering on the grounds previously mentioned.

Only for the last year, I believe.

Q Who prepared your tax returns?

A I object to answer on the grounds previously mentioned.

My wife primarily.

THE COMMISSIONER:

You mean you haven't kept copies

of your tax returns, Mr. Orysiuk?

A I object to answering the question on the grounds previously mentioned.

Only for the previous year, sir.

THE COMMISSIONER:

You're a brave man.

MR. McLENNAN:

In your Bank of Nova Scotia account,

Mr. Orysiuk, there was a deposit of \$30,500 in December of 1972, according to this record. Could you tell me where that came from?

A I object to answering on the grounds previously mentioned.

That was part payment of a fee between Mr. Achtem and myself.

MR. McLENNAN:

I think that's all of the questions

I have, sir.

THE COMMISSIONER:

Well, did you ascertain or is it

of any importance to know how much legal fees -- how much was

3-JW-9

R.B. Orysiuk - Examined by Mr. McLennan

THE COMMISSIONER: (cont.) paid by way of commission? Now, it may be of some importance to know what the total price of the acquisition was, and I say that because I understand from the evidence that this was sold to the City. Now, should we not know how much the total cost of this acquisition was, whether by way of legal fees, whether by way of commission and the amount that was paid to the other parties?

MR. McLENNAN: Yes, sir.

THE COMMISSIONER: Because I made the suggestion here, I asked a question or two about it, whether they were not employees of the company who could have made these purchases, and the witness said they were employees but they were not used to make the purchase. So that perhaps the City of Edmonton paid a great deal too much when they acquired the property at the total cost of acquisition when it could have been obtained for a much lesser cost had employees of the company been used to make the acquisition, remembering always that the company was in the business of acquiring lands and dealing with lands and had these experts on its payroll. I want to find out something about that.

The answer to that was, if you will recall, that the Corporation or at least the witness here thought it would be more expedient to deal with outside parties rather than use the company's own employees.

MR. McLENNAN: The numbers, My Lord, I will have put in by Mr. Emmelkamp.

THE COMMISSIONER: All right.

3-JW-10

R.B. Orysiuk - Examined by Mr. McLennan

MR. McLENNAN: This witness can give me a general cost of around nine million dollars and we paid out approximately so much in fees, but Mr. Emmelkamp, the accountant, will be able to give us dollars and cents.

THE COMMISSIONER: All right.

MR. McLENNAN: I will call that evidence, sir.

THE COMMISSIONER: Well, before we pack up the whole thing, I would like to have something come out that --

MR. McLENNAN: Mr. Emmelkamp will give that evidence.

THE COMMISSIONER: All right. Well, did you ask this witness if he knew whether any other employees --- that's one of the terms of reference, you will recall, any other employees of the Corporation outside of himself got any benefit from any dealings with the Corporation?

MR. McLENNAN: No, sir, I didn't.

THE COMMISSIONER: He may have made a general statement, he may not, I don't know.

MR. McLENNAN: Are you aware, Mr. Orysiuk, of any considerations, rewards, commissions, finder's fees, materials, services or the like which any employee of the Corporation of which you were Executive Director might have received as a result of anything he did or didn't do with the Corporation?

A No, I am not aware of any such ...

Q Are there any particular benefits that you are aware of, of being a member of the staff of the Alberta Housing Corporation--

A No.

3-JW-11

R.B. Orysiuk - Examined by Mr. McLennan

Q -- other than the salary you received?

A That's all.

Q Were you personally acquainted with either Mr. Tony Melvin or Mr. Robert Simpson in 1969?

A No.

Q Or later?

A No.

Q Do you know who they are?

A I have an idea who they are now; I understand they either work or did work for the Income Tax Department.

MR. McLENNAN: All right, thank you.

THE COMMISSIONER: Are you gentlemen going to do any examination of this witness?

MR. REDMOND: I would like to ask one or two questions.

THE COMMISSIONER: You are not going to start on the examination today, I just wanted to know if the witness had to return tomorrow.

You are his counsel, Mr. Steer.

MR. STEER: I may want to ask him some questions. If we don't do it now I can be shorter than I would be if I did it now.

THE COMMISSIONER: Don't want to prolong your examination any more than necessary. If you can shorten it we can certainly do it tomorrow.

MR. STEER: I have two or three questions to ask.

3-JW-12

R.B. Orysiuk - Examined by Mr. McLennan

THE COMMISSIONER:

I'm sure you would. I would be surprised if you didn't want to straighten out a few little things.

Do you have any matters to discuss,

Mr. Redmond, with this witness?

MR. REDMOND:

I will want to ask some questions.

Perhaps it would be more appropriate if I did that after Mr. Steer is finished.

THE COMMISSIONER:

Mr. Stevenson?

MR. STEVENSON:

Yes, I would have some.

THE COMMISSIONER:

Have you got some, Mr. --

MR. LEFEVER:

I am with Mr. Stevenson, My Lord.

THE COMMISSIONER:

Oh, yes. Where is the other chap that was here yesterday?

MR. STACK:

Here, My Lord. I will have no questions of this witness.

THE COMMISSIONER:

I have tried all my life to get a watching brief and I've never been able to get one.

All right, we'll adjourn now.

MR. STEER:

Might I just say a word, My Lord.

THE COMMISSIONER:

Yes, please.

MR. STEER:

My friends indicated and perhaps I shouldn't let it go by, that they would rather follow me with regard to asking this witness questions. I would suggest it's more appropriate if they asked their questions and then I followed them.

THE COMMISSIONER:

It's a question of whether the hen

3-JW-13

R.B. Orysiuk - Examined by Mr. McLennan

THE COMMISSIONER: (cont.) or the egg comes first, I don't know.

Well, we'll decide that tomorrow.

MR. STEER:

Fine.

THE COMMISSIONER:

If you ask something that implicates

them they can always re-examine on it, there is no problem
about that.

MR. STEER:

Thank you, sir.

THE COMMISSIONER:

I think we'll adjourn until

tomorrow morning at 9:30.

(The hearing was adjourned accordingly)

C A N A D A
PROVINCE OF ALBERTA
TO WIT:

IN THE MATTER OF THE PUBLIC INQUIRIES
ACT AND THE ALBERTA HOUSING CORPORATION

The Honourable Mr. Justice
J. M. Cairns

Commissioner.

R. A. McLennan, Esq., Q.C.

Commission Counsel.

G. A. C. Steer, Esq., Q.C., For R. B. Orysiuk.

A. T. Murray, Esq., For William Weir.

W. A. Stevenson, Esq., and
A. H. Lefever, Esq., For D. McColl.

J. E. Redmond, Esq., Q.C., For E. P. Achtem.

E. D. Stack, Esq., Q.C., For Gateway Building
Supplies.

DATE: May 8, 1974

HELD AT: Edmonton, Alberta.

VOLUME 3
(Pages 221 - 321)

I N D E X

VOLUME 3

MAY 8, 1974

WITNESSES:

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Supreme Court Reporters

EDMONTON - ALBERTA

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1-MTH-1

B.R. Orysiuk - Redmond Ex.

PROCEEDINGS before The Honourable Mr.
Justice J. M. Cairns, at Courtroom 15,
The Law Courts, in the City of Edmonton,
Province of Alberta, commencing at 9:40 A.M.
Wednesday, May 8th, A.D. 1974.

BOHDAN ROBERT ORYSIUK, on his former oath, enters the stand:

THE COMMISSIONER: Are you finished, Mr. McLennan?

MR. McLENNAN: For the time being, sir. yes.

THE COMMISSIONER: All right. Mr. Redmond?

MR. REDMOND: Very good, sir.

MR. REDMOND EXAMINES THE WITNESS:

Q Mr. Orysiuk, in answering questions earlier, concerning the factors that led to the hiring of independent agents to negotiate the land acquisitions with the owners in the Mill Woods area, did you give any consideration to what would have happened to the aspect of secrecy if the Corporation had tried to use any of its own personnel to negotiate the acquisitions?

A Yes, sir. As a matter of fact, this was something that I didn't bring up yesterday and the fact is that this was perhaps one of the most prime considerations that we took into account at the time, the fact that as soon as some of our personnel would have been out in the area acquiring land or negotiating for land, the immediacy or the issue would have been out in the open and we could not have contained the secrecy that we wanted and that was really a very prime consideration.

THE COMMISSIONER: Do your employees wear red coats or green coats or something, is that --

1-MTH-2

B.R. Orysiuk - Redmond Ex.

A Not necessarily, sir, but appraisers and people with the Corporation are fairly well known to the real estate industry and this would have been clearly identified very quickly.

Q MR. REDMOND: Now, Mr. Orysiuk, when the negotiations were taking place to hire agents to enter into the acquisitions for the Corporation, did you really know how long it might take to buy the land that was required, that is, did you expect it to take a month or six months or a year or what did you anticipate?

A At that particular point in time we didn't know how long it was going to take. There was no indication. The whole thing was going to be contingent upon the ability of the agents to acquire the land, totally. We had no idea at all.

Q Now, sir, to move to another subject matter, in connection with the apartment building that was built by Robco, I wonder if you can recall whether or not it was necessary to give a personal guarantee for the monies that were borrowed from the bank that you told the Inquiry about?

A Yes, it was.

Q Do you recall who gave the guarantees?

A Yes, it was myself and Mr. Achtem.

Q Now, sir, perhaps this would better come from Mr. Emmelkamp and if that's the case, I'll ask him: do you know yourself, the method that was used to determine when the commissions became payable to Mr. Achtem and to Weber Bros. for the acquisitions, that is, was it when the acquisition was complete or was it at some earlier stage?

1-MTH-3

B.R. Orysiuk - Redmond Ex.
- Stevenson Ex.

A I'm not sure when those payments were to be made. You can perhaps ask Mr. Emmelkamp.

MR. REDMOND: Thank you, sir.

THE COMMISSIONER: Mr. Stevenson?

MR. STEVENSON EXAMINES THE WITNESS:

Q Mr. Orysiuk, you told us yesterday that you got some help in connection with the building of your garage. Did the Corporation have staff involved who were, have staff on payroll who had experience in the construction industry?

A Yes, there were.

Q You were responsible for Provincial Government staff housing?

A That is correct.

Q And as a result, there were employees who had a construction background, is that correct?

A Yes, there were.

Q And did it happen from time to time that if someone from the Corporation said he was doing some building at home, some of the others might volunteer to come out and help him?

A Yes, that's correct.

Q Sort of a building bee operation?

A That is correct.

Q And apparently that's what this one of yours was?

A That's correct.

Q And was it done - other people had these sort of building bees?

A Yes, there were.

Q For rumpus rooms or garages or that sort of thing?

A That is correct, sir.

1-MTH-4

B.R. Orysiuk - Stevenson Ex.

Q Now, with respect to Mill Woods, Mr. Orysiuk, I gather that the decision that Alberta Housing Corporation would acquire this land, was made before anybody on the Corporation's staff was told about it other than you, is that correct?

1-JW-1

B.R. Orysiuk - Stevenson Ex.

A I can't be positive about that.

Q When the decision was made to acquire the land and there had been discussions with you and Dr. Bargen and the Minister, was it contemplated that corporation personnel would be used to make the actual acquisition?

A At that particular point in time I don't think it was -- I don't think it was discussed. I can't remember it being discussed.

Q Was there ever any serious consideration given to using corporate personnel to make the acquisition?

A No, I don't think so.

Q I understand, Mr. Orysiuk, that in August of 1969 the staff of the corporation consisted of 27 people.

A That is correct, that's about right.

Q And of those at least a third would be stenographic or related stenographic help?

A That is correct.

Q And there was no one who had any experience --

THE COMMISSIONER: This is '69, is it?

MR. STEVENSON: 1969, yes.

Q MR. STEVENSON: There was no one on the staff who had any experience in land acquisition?

A At that point in time that could be true, sir.

Q Was the first person that came on the staff with some experience in that area, Mr. Pollard?

A I believe so, sir, yes.

Q And he came on after August of '69.

1-JW-2

B.R. Orysiuk - Stevenson Ex.

A I'm not sure of the date he did come on, sir.

Q Now, you told us in your evidence that after -- I thought it was that after a decision had been made to go ahead with acquisition, you spoke to Mr. McColl.

A Yes.

Q And he wasn't your assistant at that time, was he?

A I'm not sure, sir; I don't believe so. I'm just not sure at this point of time whether he was or not.

Q Could he have been a division of what was called a divisional head or department head for Technical Services?

A He could have been.

Q And his experience was some experience in appraisal with the Department of Municipal Affairs.

A He was an assessor and appraiser, yes.

Q And he had come from the Department of Municipal Affairs?

A Yes, he did.

Q Now, in your first discussions with Mr. McColl, am I correct that he and the accountant were the only corporate employees who were knowledgeable or knew that the Mill Woods assembly was taking place?

A Initially, yes.

Q And in your discussions with Mr. McColl, your initial discussions with him, was it decided that outsiders such as lawyers would be used to make the acquisition?

A I can't remember whether that was a decision as a result of those discussions or whether it was resultant from discussions with Dr. Bargaen.

1-JW-3

B.R. Orysiuk - Stevenson Ex.

Q At some point, however, the decision was made you would use lawyers as nominees or trustees of the Corporation.

A Yes, that's right, sir.

Q And you don't know who suggested it?

A Well, it resulted from discussions with -- I don't know who originally suggested it but that was what was agreed upon.

Q And would I be correct if I said Mr. McColl indicated that he would talk to Mr. Newton, is that correct?

A Yes.

Q And Mr. Newton had done legal work for Alberta Housing Corporation in the past.

A That is correct.

Q And when Mr. McColl went to see Mr. Newton, had the guidelines been laid down that you would pay real estate agents' fees in accordance with the tariff or going rate and legal fees in accordance with the tariff or going rate?

A I don't think those specific guidelines were laid down.

Q Was it contemplated that legal fees and real estate agents' fees would be payable?

A Yes.

Q But it hadn't been specifically spelled out what limits those would have.

A No, that's right.

Q Did Mr. McColl ultimately report to you that Mr. Newton's firm would be prepared to act as nominees or trustees and that Weber Bros. would act as agents, and Webers' fee would be three per cent and that Mr. Newton's firm, the Clement Parlee firm,

1-JW-4

B.R. Orysiuk - Stevenson Ex.

Q (continued) would charge going rates for legal fees or something of that order for legal fees?

A Yes.

Q Did you approve that?

A Yes.

Q Can you tell me whether you approved that before or after you had negotiated your arrangement with Mr. Achtem?

A I'm not sure of the specific date, sir.

Q Now, I understand, Mr. Orysiuk, that Mr. McColl did not know the agency fee, the real estate agency portions fee to be paid to Mr. Achtem until the first billing came in; can you tell me whether or not that is in accordance with your memory?

A No, it's not; I'm sure he was aware of it before then.

Q Do you recall him discussing with you the fact that he was concerned that the one rate was higher than the other?

A I can't remember that.

Q Do you recall a discussion in which you said to him that the five per cent being paid to Mr. Achtem was within the tariff?

A I can't remember that particular discussion, no.

Q Do you remember when Mr. McColl first met Mr. Achtem?

A I'm not specifically sure but I think it was during the discussions with Mr. Achtem.

Q I understand, Mr. Orysiuk, that you introduced Mr. McColl to Mr. Achtem the night that Exhibit 3 was signed at the Corporation office; could that be correct?

1-JW-5

B.R. Orysiuk - Stevenson Ex.

A To the best of my recollection I think Mr. Achtem met Mr. McColl once before then, or I met him, whether it was once or twice, but I think he met him before then. I'm not sure specifically, though.

Q Is it correct that this exhibit was signed at the Corporation office one evening and you asked Mr. McColl to witness Mr. Achtem's signature?

A Yes. I can't remember the date of that or the time of the day when that was signed, but I did ask Mr. McColl to witness that signature, yes.

Q Did Mr. McColl have any part in the negotiations with Mr. Achtem?

A To the best of my recollection he did.

Q What part?

A Pardon me?

Q What part?

A I'm not sure what part.

Q I'm talking about the negotiations leading up to Exhibit 3, Mr. Orysiuk.

A Yes.

Q I suggest to you that Mr. McColl knew nothing about your negotiations with Mr. Achtem --

THE COMMISSIONER: There was a letter that applied to Exhibit 3.

MR. STEVENSON: Yes.

Mr. McColl knew nothing about the

1-JW-6

B.R. Orysiuk - Stevenson Ex.

MR. STEVENSON: (continued) negotiations with Mr. Achtem and that the first time that he knew Mr. Achtem was going to act as agent was when you brought in this agreement to have it witnessed; can you tell me whether or not that is correct?

A To the best of my recollection I felt that Mr. McColl had met Mr. Achtem before the signing of that document.

Q Can you say with any assurance that that's correct, Mr. Orysiuk?

THE COMMISSIONER: If you can get that answer you are doing better than Mr. McLennan.

A No, I can't, but I felt that he did meet him once before, before the signing of that document.

Q MR. STEVENSON: Had Mr. Achtem ever done work for the Corporation before?

A Not to my knowledge.

Q Had you known him before?

A Yes.

Q And in any event, whenever this happened it was you that introduced him to Mr. McColl?

A Yes.

THE COMMISSIONER: So that Mr. McColl didn't take any part really in agreeing to hire Achtem, you did that yourself.

A Yes.

THE COMMISSIONER: And that was your decision. McColl had nothing to do with making that decision, had he?

A It was my decision to hire Mr. Achtem, yes. Whether or not Mr. McColl participated, I can't remember, sir, in any

1-JW-7

B.R. Orysiuk - Stevenson Ex.

A (continued) discussions or any deliberations that led up to that.

THE COMMISSIONER: Well, what participation could he take, you were the head man.

A That's right. I can't remember, sir.

Q MR. STEVENSON: You approved the arrangements, Mr. Orysiuk, that Mr. McColl made with the Clement Parlee firm?

A Yes, I did.

Q And you are not able to tell us whether you approved them before or after you made your arrangements with Mr. Achtem?

A No, I can't.

Q Do you know whether you heard the three per cent figure before or after you made your arrangements with Mr. Achtem?

A I can't remember that, I'm sorry.

Q All right. Now, in connection with the warehouse, Mr. Orysiuk -- excuse me just for one minute.

I gather, Mr. Orysiuk, that the Corporation had felt a need for warehouse space for some time to handle the staff housing supplies and things of that nature.

A That's correct.

Q And in May of 1970, Mr. McColl and the Deputy Minister, Mr. Morrison, were authorized by the Board to lease suitable warehouse premises, is that correct?

A That could have occurred, I can't remember that specific date.

Q Well, do you recall --

1-JW-8

B.R. Orysiuk - Stevenson Ex.

THE COMMISSIONER: Who was it that authorized that, I didn't quite catch that.

MR. STEVENSON: The Deputy Minister, Mr. Morrison, and Mr. McColl.

THE COMMISSIONER: To make a lease?

MR. STEVENSON: To make a lease.

THE COMMISSIONER: By whom, the Board?

MR. STEVENSON: By the Board, that's my understanding. Is that correct, Mr. Orysiuk, or can you say?

A I couldn't say specifically, no.

Q Do you recall a discussion that Mr. Morrison and Mr. McColl would be authorized to make a lease because you and the Minister were going to be away?

A Yes, that could have occurred because we were away for a while.

Q Were you and the Minister away starting the 22nd of May, 1970, at a convention or conference?

A Yes, we were.

Q Mr. Orysiuk, this matter of the lease was again discussed in some detail in the Minister's office in August of 1970, is that correct?

A I can't remember the specific date, but, yes, it was discussed in detail with him.

Q You do remember the discussion?

A Very well, sir.

Q And Mr. McLennan asked you about that discussion.

A Yes, he did.

Q And at that time the Minister indicated that he expected

1-JW-9

B.R. Orysiuk - Stevenson Ex.

Q (continued) steps to be taken to have this property that had previously been leased actually purchased.

A That is correct.

Q And what was the Minister's objection?

A The basis of the objection was that there had been a lot of work done by Mr. Achtem for the Corporation and that in his opinion it would appear better if we were to acquire the warehouse rather than continue leasing it.

Q And you then negotiated for that purchase?

A Acquisition, yes, I did.

Q With Mr. Achtem.

A Yes, I did.

Q Now, just a moment -- I am showing you a copy of a memo dated May 13th, 1970, from Mr. McColl to you referring to a comparable scale for warehouses; do you recall that you were given information as to various warehouses that were available for lease?

A Yes.

Q Now, I am by no means certain that this is the case, Mr. Orysiuk, but from the place in the file there is attached what is called -- there is what is called a comparable scale which shows various properties, various warehouse properties; would that be the scale that was given to you at that time?

A It appears to be. I can't be certain but it appears to be the one, yes.

Q All right, just so that I am not pirating the Corporation's

1-JW-10

B.R. Orysiuk - Stevenson Ex.

Q (continued) file in pieces, I'll hand you a photostat of that, Mr. Orysiuk. That appears to be the scale we just looked at?

A Yes.

Q And would you have looked at that, studied it, or can you recall?

A I can't recall, sir.

Q You have seen it?

A Yes, I must have, at my office.

1-HSA-1

B. R. Orysiuk - Stevenson Ex.

Q Now, let me tell you this, Mr. Orysiuk, there is another copy of this --

THE COMMISSIONER: Is this in respect of leasing or in respect of purchase?

A This --

Q MR. STEVENSON: This document deals partly with leasing, and it has a couple of properties listed, My Lord, which show purchase prices. They don't show lease figures.

Now, the one that was ultimately leased and ultimately bought is 15350, 114th Avenue, is that correct?

A I believe that is the address, yes.

Q And in this case on the scale it was shown as Molstad Realty who would be, I assume, the agents?

A Probably, yes.

Q Perhaps we could mark that scale.

THE COMMISSIONER: Exhibit 21.

SCALE MARKED EXHIBIT 21.

Q MR. STEVENSON: Now, looking at that scale, Mr. Orysiuk, there is nothing there to suggest that Mr. Achtem was in any way involved with the warehouses?

A No.

Q Now, do you recall a discussion, before you went to the convention with the Minister, where Mr. McColl and Mr. Pollard were present, where the fact that Mr. Achtem was dealing on, or going to buy the fifth warehouse, the one we have been talking about, where that subject was raised?

A No, I can't remember that.

1-HSA-2

B. R. Orysiuk - Stevenson Ex.

Q Could it have happened and you not remember it?

THE COMMISSIONER: Is that prior to the leasing?

Q MR. STEVENSON: Prior to the leasing?

A I don't recall it.

Q I suggest to you, Mr. Orysiuk, that there was a meeting, or a discussion, at which the fact that Mr. Achtem was now apparently involved in 15350, 114th Avenue, was raised with you, and you indicated that you couldn't see any objection?

A This was between who?

Q Mr. McColl, Mr. Pollard and yourself?

THE COMMISSIONER: That is prior to the leasing, of course?

Q MR. STEVENSON: Prior to the leasing. The letter of intent to lease was dated May 22nd, apparently, and you left on May 22nd; do you recall the discussion before your leaving, Mr. Orysiuk?

A I don't recall that discussion, no I don't.

Q Now, I am going to show you a letter, copy of a letter dated August 12th, 1970, from yourself to The Honourable Mr. Colborne. Do you recall sending that letter, and that is just a photostat of the file copy?

THE COMMISSIONER: I think the witness told us he had no interest, personally, just to clear it up, in that warehouse?

Q MR. STEVENSON: That is correct, isn't it, Mr. Orysiuk?

A Yes.

B. R. Orysiuk - Stevenson Ex.

THE COMMISSIONER:

I knew it had been asked but I

just wanted it clear.

A Yes.

Q MR. STEVENSON: You wrote that letter to the Minister, did you, Mr. Orysiuk?

A Yes, I did.

Q And you said that you were attaching a comparable scale comparing these warehouses, is that the scale that was sent to the Minister?

A It could have been.

Q Well, Mr. Orysiuk, in this letter you say: based on the finding -- Mr. McColl, together with our technical appraisal section contacted several real estate firms in an attempt to find a suitable warehouse. A list of available buildings was compiled and considered. Based on the findings one building was found to be the most acceptable for the purposes of the corporation. At the particular time of the technical appraisal's section's investigation it was found however that this building was available for sale and as our authorization was limited to leasing a space we carried out a further study. In the interim, however, Mr. E. P. Achtem had arranged to purchase the building and contacted our office with the proposal of leasing the building to the corporation.

Now, how did you get the information that Mr. Achtem had arranged to purchase the building in the interim, where did you get that information from, do you know?

1-HSA-4

B. R. Orysiuk - Stevenson Ex.

A No, the only conclusion that I can draw is that I must have discussed this with either Mr. McColl or someone else in the corporation.

Q The actual evaluations and so on were done within what is called the technical appraisal division or section?

A Yes.

Q And that would be, Mr. Pollard would be in that department?

A Yes he would have been.

Q Now, can you now say whether or not you remember discussing this with Mr. McColl and Mr. Pollard before the letter of intent was actually signed?

A No, I am sorry, I can't remember that.

Q And you say that Mr. McColl contacted Mr. Morrison and at that time it was pointed out that the owner of the building was a Mr. Achtem who had previously done work for the corporation, presumably you got that information from Mr. McColl?

A Presumably, I can't remember.

THE COMMISSIONER: Well I think he knew that Achtem was going to --

Q MR. STEVENSON: I am sorry, sir, that it was pointed out to Mr. Morrison, who was the Deputy Minister, Mr. Morrison was the Deputy Minister?

A Yes he was.

Q Was he the Chairman of the corporation as well?

A He was for a while, I don't know if he was the chairman at that point.

1-HSA-5

B. R. Orysiuk - Stevenson Ex.

Q Now there is also a discussion about the fact that Mr. Achtem used the letter of intent to arrange financing for the building, where did you get that information from?

A I am not sure.

Q And you also say, I should also mention that he, Mr. Achtem, was financially capable of purchasing the building without our letter of intent and did have other lessees interested; where did you get that information from?

A I am not sure.

THE COMMISSIONER: It is pretty obvious where he got it from, isn't it. He was seeing Achtem every day, Achtem was doing work for him in the evenings.

Q MR. STEVENSON: Well this was at a later time, sir, this was May of 1970.

Now, I would like to mark the letter, sir, as Exhibit --

THE COMMISSIONER: 22.

MR. STEVENSON: 22.

MR. McLENNAN: I would like the attached plan marked with it, or the comparables.

THE COMMISSIONER: Well isn't that the same thing that we had a minute ago?

MR. STEVENSON: No, My Lord, it is a different scale.

MR. McLENNAN: One significant alteration.

THE COMMISSIONER: Well, Exhibit 22.

MR. STEVENSON: I can mark the letter, the problem is that the witness is not able positively to

1-HSA-6

B. R. Orysiuk - Stevenson Ex.

MR. STEVENSON: (Cont.) identify the attachment, sir, but we will come at it another way in a moment.

THE COMMISSIONER: Well this witness is not able to identify anything that he doesn't want to identify.

LETTER DATED AUGUST 12th, 1970
MARKED EXHIBIT 22.

Q MR. STEVENSON: Now, if we look at Exhibit, the scale we just handed in a moment ago, which is Exhibit 21, I am now showing you another copy of that Exhibit, with some handwriting and printing on it, is that your handwriting and printing, or is any of it yours?

A It looks like mine, sir.

Q Now, Mr. Orysiuk, I don't know whether this is so or not, but I suggest that this is a copy of Exhibit 21 which you marked up to suggest some changes, at some point. Now, that could have been marked up to give to the Minister or it could have been marked up for departmental purposes, can you tell me which it was?

A No I can't. It must have resulted from discussions in the office and I had been writing on that piece of paper.

Q And in particular where on Exhibit 21 it is Molstad Real Estate shown as the warehouse under the column, of I guess, owner, you have written in E. Achtem, is that correct?

A That is correct.

Q May that be marked, please?

THE COMMISSIONER: Exhibit 23.

1-HSA-7

B. R. Orysiuk - Stevenson Ex.

COMPARABLE SCALE MARKED EXHIBIT 23.

THE COMMISSIONER:

What is that called?

MR. STEVENSON:

A comparable scale, sir.

Q MR. STEVENSON: What did that mean in the corporation, Mr. Orysiuk?

A It was a method of comparing, just basically buildings.

Q So it was a comparison chart?

A Yes.

Q Now, if we look at what has just been marked Exhibit 23, and we look at the document which I suggest went to the Minister, can you tell me whether or not --

A They are the same document.

Q They are the same document?

A Yes they are.

Q With the changes made?

2-MTH-1

R.B. Orysiuk - Stevenson Ex.

A There are more changes on this than there are certainly here.

Q That's correct, Mr. Orysiuk?

A It's not exactly the same. There are quite a few differences.

Q So you can't tell me what went to the Minister?

A No, I'm sorry.

Q And you can't tell me why these changes were made on Exhibit 23, that you made?

A The only reason was as a result of discussions with the technical division; that's the only conclusion that I can come to after seeing this.

Q Now, did you become involved in these comparisons and so on, before the lease was actually signed or the letter of intent was actually signed? Can you tell us whether these writings were before or after you went to the convention with the Minister?

A They were after, to the best of my recollection.

Q All right, thank you. At the meeting with the Minister there was Mr. McColl, Mr. Morrison, the Minister and yourself, is that right?

A Which meeting was this, sir?

Q The meeting that resulted in the Minister's direction to acquire the warehouse outright?

A Yes.

Q And did you give any explanation to the Minister as to how Mr. Achtem's involvement had come about at that meeting, do you remember?

A No, I don't think so. I can't remember specifically what was

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A (continued) discussed. The conversation was basically going one way.

Q And you don't know how Mr. Achtem got to know that the Corporation was interested in a warehouse at all?

A No, I don't.

Q Can you tell me whether or not you knew, before you went away on May 22nd, 1970, you knew that Mr. Achtem was involved in the promotion of a warehouse for the Corporation's use?

A I'm sorry, I can't remember specifically whether I knew at that point or not.

MR. STEVENSON: Those are all the questions I have.
Thank you, Mr. Orysiuk.

MR. McLENNAN: My Lord, I wish to pursue that matter further with this witness and in fairness to Mr. Steer, I should perhaps do it before Mr. Steer examines.

THE COMMISSIONER: I don't think there is any problem with that, is there, Mr. Steer?

MR. STEER: No objection, sir.

THE COMMISSIONER: You can do it now or do it later on. I think there's another matter that you might pursue also. Mr. Redmond, when he was examining this man, elicited evidence to the effect that they had only twenty-seven employees in 1969. The witness said that of course that they had, if they had sent out their own employees, they would be recognized. Those things just do not add up together as far as I'm concerned. I mean you can't have employees and have them recognized and then say you have no employees to do it. They're just inconsistent

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THE COMMISSIONER: (continued) statements as far as I can see.

I don't know whether you want to enter into that or not.

MR. McLENNAN: All right, sir.

MR. McLENNAN FURTHER EXAMINES THE WITNESS:

Q Mr. Orysiuk, on May 14th, 1970, there was a memorandum from Mr. Fyfe, who was the division head, Loans and Properties to Mr. McColl, division head, Technical Services, in which Mr. Fyfe --

THE COMMISSIONER: -- what's the date you're talking about?

Q MR. McLENNAN: May 14th, 1970. Mr. Fyfe compares the relative merits of several properties and ends with a recommendation that Madison Development Corporation is financially and physically the most appealing.

A Yes.

Q With the people at the Corporation at that time, would Mr. Fyfe be the person most suited to arrive at that conclusion?

A I don't know if he would have been or not.

Q He was the --

A -- there were certainly other people in the Corporation who were more competent in evaluating whether the building was a good building or wasn't a good building.

Q Well, he was the head, division head, Loans and Properties: who was more capable than him about loans and properties?

A His experience was more in the lending area than it was in the properties area even though he was experienced in that area.

Q All right. In any event, did that memorandum ever come to your attention?

A I don't remember it coming to my attention, it could have.

Q Maybe it did, maybe it didn't but you don't remember?

A I don't remember, I'm sorry.

Q On May 20th, there is a new recommendation whereby Mr. Hetherington apparently was directed to see a proposed warehouse for lease at 15350 - 114th Avenue and while he doesn't say it's the best or preferable to the previous recommendation, he does say it's adequate. Did that memorandum ever come to your attention?

A I can't remember that specifically.

Q Do you have any idea why Mr. Hetherington was directed to have a look at 15350 - 114th Avenue after a study had apparently been completed on May 14th, saying that the Madison Developments property was the best one?

A No, I don't know why he would have been directed or who directed him.

Q You can't recall having spoken to him?

A No.

Q Might you have?

A I wouldn't see any reason specifically why I would have.

Q One reason could be that in the interim, Mr. Achtem purchased 15350 - 114th Avenue? That didn't come to your attention?

A I can't remember that coming to my attention, no.

THE COMMISSIONER: Is this the warehouse in question that you're talking about?

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Q MR. McLENNAN: Yes. The alterations you made in the comparable scale that had been prepared by the Properties Division, were to change Molstad Real Estate to E.P. Achtem?

A Right.

Q To alter the mortgage status?

A It would appear that way, yes.

Q And to change the information that you could purchase it for \$63 to \$65,000 but that was negotiable?

A Yes.

Q And to put in there instead \$1.55 a square foot net lease?

A Yes.

Q Why would you change that information for submission to the Minister?

A Maybe to bring forward the standard of the conditions at the time.

Q But the conditions at the time were that the property was owned by Molstad Real Estate; that it had a mortgage and that you could buy at \$63 to \$65,000. That was the condition at the time this was prepared, Exhibit 23?

A The Exhibit but not the adjustment or not the amendments thereto afterwards; that was prepared after that was prepared.

Q All right. I appreciate that but when you when you were submitting it to the Minister, you brought the information up to date?

A That is correct.

Q I'm showing you your letter to the Minister: you're not telling him that this is the current information. As I read

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R.B. Orysiuk - McLennan Ex.

Q (continued) your letter, you're telling him that that was the study that was done at the time. You say: "Based on the findings, one building was found to be the most acceptable for the purpose of the Corporation." Is that right?

A Yes.

Q So the information --

THE COMMISSIONER: -- which of these plans went to the Minister, the corrected one or the --

MR. McLENNAN: The corrected one, sir.

THE COMMISSIONER: Showing Achtem's name on it?

MR. McLENNAN: Showing Achtem's name and the lease amount and that it wasn't for sale; a new mortgage amount and a slight adjustment in the number of square feet available.

Q MR. McLENNAN: Now, the Madison property was available, aside from what other provisions there were about payment of taxes and improvements, it was available at a cheaper rent than the property you leased from Mr. Achtem?

A It could have been. I don't remember the comparison between --

Q Well, that's another thing that doesn't appear on the comparable you sent to the Minister but it does appear on Exhibit 23 - \$1.50 a square foot to Madison Developments?

A There was a report with that. Do you have the report?

Q Is it April 29th?

A Yes.

Q Well, in any event, why would you delete that when you sent virtually a rehash of the same document to the Minister?

A I don't know why I would have deleted it, sir.

R.B. Orysiuk - McLennan Ex.

Q Did you say the report of April 29th?

A Yes.

Q The \$1.50 a square foot from Madison apparently included fully completed warehouse space, fully completed offices, including light fixtures, painting and flooring, fully paved parking and landscaped area in the front with a graveled rear yard as required. The price quoted covers building insurance, property taxes, overall maintenance and repairs to the building whereas the lease you entered into with Mr. Achtem was net net, is that correct?

A Yes, it was.

Q In other words, in addition --

A -- there was also --

Q -- just a minute. In other words, net net means in addition to the \$1.55 a square foot, you're paying the taxes on the property and the insurance on the property?

A That is correct. In looking at these comparisons though, there was an area for sub-leasing here as well. That was another consideration that we were making at the time, the possibility of expanding our requirements and I can only conclude from this that these comments resulted from discussions with the staff in arriving at which would have been the best area to select.

Q Who did you discuss it with?

A I must have discussed it with Mr. McColl.

Q Do you have any recollection of that?

A Yes, I do.

Q And did you and Mr. McColl conclude that the Molstad property

R.B. Orysiuk - McLennan Ex.

Q (continued) or the Achtem property, as it became, was superior in spite of it's higher cost than the Madison Development warehouse?

A Yes.

Q You did?

A Yes, to the best of my knowledge we did otherwise we would never have consummated the lease.

Q Well, that begs the question though, Mr. Orysiuk. That's true, you ought not to have entered into the lease if you didn't have that discussion but do you remember having that discussion?

A I remember having a discussion with Mr. McColl, as a matter of fact, even in preparing that letter to the Minister.

Q Yes, but I'm talking about before you gave Mr. Achtem the letter of intent, did you have a discussion rejecting the Madison warehouse and accepting Mr. Achtem's warehouse?

A I don't think that I gave the letter of intent.

Q No, you didn't, Mr. McColl did?

A I know we had a discussion - when it was specifically, whether it was beforehand or after the letter of intent or the letter to the Minister was sent but we did have a discussion on it.

Q Well, in a word, can you remember having a discussion with any of the people at Alberta Housing Corporation who had previously looked at a bunch of warehouse space and said, the Madison Development space is the best at the price, whereby you considered their recommendations and rejected them in favour of Mr. Achtem's warehouse?

A I remember having discussions. I'm not exactly sure of the

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A (continued) dates or the times of those discussions.

Q All right, thank you. Oh, this business of the staff that you had on hand in July and August and September and October of 1969, who did you have experienced in the land business?

A I can't remember what staff was on hand at that particular point in time. The staff changed considerably from - certainly Mr. McColl was there. I can't remember who was all on staff at that point; whether Mr. Pollard had been there or not, I'm not sure.

THE COMMISSIONER: Well, he told, he gave evidence here the first day of the hearing that they had land men. Now, I don't --

A The land men, sir, that I was referring to would have been Mr. McColl, who was experienced in this.

THE COMMISSIONER: I don't know who you were referring to but you said that you had land men and I took it that you meant what you said, that the Corporation had land men and the discussion arose because the Corporation was assembling land here and there and naturally I would think, to assemble land you require land men.

A Yes, sir.

THE COMMISSIONER: That's no doubt why you had them and that's why you said you had them.

Q MR. McLENNAN: Do you recall who you had that you could describe as land men?

A The only person - well, if, my recollection is wrong then, I had felt that we had somebody who was capable of buying that land

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R.B. Orysiuk - McLennan Ex.

A (continued) and it would probably have been at the time, it would have been Mr. McColl; whether we had more people on our staff or not, I'm not sure in that specific point in time. I can't remember the exact amount of staff that we had and who that would be. Mr. McColl was certainly capable of buying land. He was an assessor and certainly had the capabilities.

Q From time to time, did you borrow staff from other departments, like an engineer, for example from Highways or Department of Public Works?

A It was not common practice, no.

Q But you knew it was a practice that you could --

A -- yes.

Q I suppose you would know, being with Municipal Affairs, that there were land buyers with the Department of Municipal Affairs?

A Yes.

Q And you would know that there are right-of-way and land buyers with the Department of Highways?

A Yes.

Q So it wasn't the inavailability of capable people within the Government that prompted you not to have your own people or people on loan to buy this land for you?

A No, I think the prime consideration was that of the secrecy in other people going out and if they were buying land and they were working for the Government, this would have become common knowledge very quickly.

THE COMMISSIONER: Does a Government man have a certain look about him?

R.B. Orysiuk - McLennan Ex.

A No, sir, but he becomes fairly evident when they are starting to buy land.

MR. McLENNAN:

I think that's all I have.

Perhaps there is one further thing,

My Lord, before I leave this and in fairness to this witness, I should ask him before I ask Mr. Achtem: in the Alberta Housing Corporation file relating to this warehouse, somewhere between January 29th, 1970 and April 29th, 1970, that's chronologically but I don't think you can rely on that, having looked at the file, there is a Land Titles search apparently done by Lieber Koch and Achtem and it's undated, indicating that the law firm of Lieber Koch and Achtem searched the property, that is the warehouse and found it to be in the name of Overhead Door Sales (Edmonton) Limited?

A Yes.

Q So presumably the search was done when the property was registered in that name?

A Yes, I would presume so.

THE COMMISSIONER:

What's the name of it?

Q MR. McLENNAN:

Overhead Door Sales (Edmonton) Limited.

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B.R. Orysiuk - McLennan Ex.
- Steer Ex.

Q So, presumably it's done when that corporation is the owner of the property and before Mr. Achtem bought it.

A Presumably, yes.

Q Have you any idea how that comes to be in your file, and when I say your, I mean Alberta Housing Corporation's file.

A No, I don't.

MR. McLENNAN: Okay, thanks.

THE COMMISSIONER: Well, we lost Mr. Stack?

MR. McLENNAN: I guess so.

THE COMMISSIONER: I hope I didn't scare him out last night.

All right, anyone else other than Mr. Steer? Wasn't Mr. Murray appearing here?

MR. STEVENSON: Mr. Murray did not have any questions to put to this witness.

THE COMMISSIONER: Oh, all right.

All right, Mr. Steer.

MR. STEER: Obligated, My Lord.

MR. STEER EXAMINES THE WITNESS:

Q Mr. Orysiuk, with regard to the suggestion that there were land buyers in the Department of Highways and Municipal Affairs, are those men known in the real estate industry in the area of Edmonton?

A Yes, they would be. Yes, sir.

Q And in the various municipal districts?

A Yes, they would be.

Q And if men in the employ of the Department of Municipal

2-JW-2

B.R. Orysiuk - Steer Ex.

Q (continued) Affairs or in the employ of the Department of Highways became engaged in consecutively visiting various pieces of property with the object to purchase them all in one area, what would happen, in your view?

A In my view, the real estate industry or the owners would know that there was a land assembly going on.

Q And having known that there was a land assembly going on, is it likely or unlikely that they would try and find out for whom the person approaching them was working?

A That is correct.

Q And is it more likely that they would find out if it was an employee of the Department of Highways or Municipal Affairs than if it was someone such as an independent lawyer in the city?

A Much more so.

Q Now, Mr. McLennan I think showed you, I think three memos, and the notes I made were May 13th --

THE COMMISSIONER: Just a moment, Mr. Steer.

MR. STEER: Sorry.

THE COMMISSIONER: If a lawyer went around a bunch of these places attempting to buy them, don't you think by the same token that these farmers or whoever they were, would talk one to the other, never mind for whom it was being bought; wouldn't they say, well, there was a chap around here yesterday, he was trying to buy, let's look into this. These farmers talk to each other too.

A Oh yes, certainly they do. But it would be on the basis of

2-JW-3

B.R. Orysiuk - Steer Ex.

A (continued) -- he would have been acting on the basis of an undisclosed agent.

THE COMMISSIONER: So would anybody else, so would one of your employees.

A Pardon me?

THE COMMISSIONER: One of your employees wouldn't go in and announce who his principal was.

A He wouldn't have to. By the fact that who he was, it would very readily become available or become known that he was working for the government.

THE COMMISSIONER: But would the individual farmer he went to see know anything about that?

A Well, maybe not initially, but he could certainly become aware. We weren't talking only about one or two pieces of land, we were talking about a large tract of land.

THE COMMISSIONER: And they couldn't be all picked up in one night.

A That is correct.

THE COMMISSIONER: All right.

MR. STEER: Obligated.

Q MR. STEER: Now, Mr. McLennan showed you --

THE COMMISSIONER: Excuse me, Mr. Steer, but I want to keep this together --

MR. STEER: Yes.

THE COMMISSIONER: If I want to read it I want to get the whole thing as closely as I can in one place.

MR. STEER: I understand completely.

2-JW-4

B.R. Orysiuk - Steer Ex.

THE COMMISSIONER: I don't want to interrupt you.

MR. STEER: Quite all right, sir.

Q MR. STEER: Mr. McLennan showed you, I think there were three memos and I think one was May 13th and one was May 20th, and I looked for them, Mr. McLennan, after you got through with them and I couldn't find them.

Sorry, sir, for that delay.

THE COMMISSIONER: Do you want some time, Mr. Steer, to examine those documents?

MR. STEER: No, sir, I think we have found them.

Q MR. STEER: The memos that Mr. McLennan showed you of May 14th, that's a memo from Mr. Fyfe to Mr. McColl, isn't it?

A That's correct.

Q And the memo of May 13th which he showed you is the memo from Mr. Heatherington to Mr. McColl.

A May 20th.

Q I beg your pardon, May 20th, 1970. It's a memo from a Mr. Heatherington to Mr. McColl.

A That's correct.

Q And the memo of the 29th of April, 1970, is a memo from Mr. Wendell to Mr. McColl.

A Yes, it is.

MR. STEER: Can I see Exhibit 22.

Now, in the letter, Exhibit 22

which I gather is a letter you wrote --

A Yes.

2-JW-5

B.R. Orysiuk - Steer Ex.

Q Yes. Now, before you wrote this letter, what did you do to get the information that's in it?

A I would have had to discuss it with Mr. McColl or somebody in the Technical Division.

Q Now, in this letter it says, on the assumption of this direction, and that refers to a direction from the Board, doesn't it?

A Right.

Q It says:

On the assumption of this direction we proceeded to find a building that could be leased. This item was again raised at a Board meeting on May 19th, 1970, and it was left in the hands of Mr. Morrison and Mr. McColl to find a building and consummate a lease for this purpose during your absence and mine.

Is that the position?

A Yes.

THE COMMISSIONER: Was this before the meeting with the Minister?

MR. STEER: Yes, sir, this is August 12th, they report to the -- oh, I'm sorry, no. This letter says, on your direction I have contacted the owner of the building and so on and pursuant to the Minister's instruction he is sending it back.

THE COMMISSIONER: This was after the Minister expressed his dismay about the way this was being done.

MR. STEER: I believe this was so, sir, yes.

2-JW-6

B.R. Orysiuk - Steer Ex.

THE COMMISSIONER: Well, it --

MR. STEER: It seems quite clear that that's --

THE COMMISSIONER: The Minister didn't like any part of it, the witness said, because it might not look so well because the company had been dealing with Mr. Achtem.

MR. STEER: That's right.

THE COMMISSIONER: That's what was bothering the Minister; he'll tell us what was bothering him in due course.

MR. STEER: Yes, sir.

Q MR. STEER: And it was as you told me, the result of making inquiries that you were able to write this letter?

A Yes.

Q Thank you very much.

Now, there has been talk about staff in the Corporation but not in any detail, and I have been provided a document which I am informed was prepared by the Corporate Office Manager of the Corporation, directed to Mr. D.C. McColl with regard to staff that was on strength of the Corporation in August of 1969. I know you have never seen it; are you able to say anything as to the accuracy of it, and as to whether that was the kind of staff, or the staff you had on the Corporation at that time? If you can't we can get it from another source.

THE COMMISSIONER: He started out by saying there was a hundred on staff, now we started out with two.

MR. STEER: No, sir, that was toward the end.

2-JW-7

B.R. Orysiuk - Steer Ex.

THE COMMISSIONER: Started off with two, and then
in-between it's likely the staff would move up.

MR. STEER: Right, sir, but not quite as many,
perhaps, as we thought.

A Yes, it looks about right.

Q MR. STEER: Well, we'll get it from Mr. McColl,
but do you recognize the names on there?

A Yes, I do.

Q Are there any people there -- well, Mr. McColl's name isn't
on there, is it? At least I don't see it.

A No, it's not. Yes, right there.

Q I beg your pardon, thanks very much.

A He was called Urban Land Appraiser.

Q How many of those people, and you have told us that you
remember them being on the staff, would have been suitable for
doing the job of acquiring the land in Mill Woods?

A Just that one.

Q Which one?

A Mr. McColl.

Q And speaking from the point of view of time, was he available?

A No, he was -- we were short of staff, the staff situation was
tight.

Q All right, sir. He wasn't available, is that correct?

A No.

Q Fine. Now, I think it was Mr. Stevenson who was asking you
about the five per cent and the three per cent; do you recall
that?

2-JW-8

B.R. Orysiuk - Steer Ex.

A Yes, I do.

Q He is not the only person, of course, but just to refresh your memory I mentioned that. Now, you had conversations with Mr. Bargaen prior to having any conversations with Mr. Achtem.

A Yes, I did.

THE COMMISSIONER: What's the name of the chap?

MR. STEER: Bargaen.

A Bargaen.

MR. STEER: I never could pronounce it, sir.

THE COMMISSIONER: B-a-r-g-a-i-n?

MR. STEER: B-a-r-g-e-n.

Q MR. STEER: Mr. Bargaen, you know who I am talking about?

A Yes, I do. Chief Commissioner.

THE COMMISSIONER: He is a City man, is he?

MR. STEER: Chief Commissioner.

Q MR. STEER: His position with the City was what?

A The Chief Commissioner.

Q Now, in your discussions with that gentleman, were there discussions as to who might be used to acquire land?

A Yes, there were. The idea of the land assembly in this area as well as the idea of having the land assembly was not new to the City; they have been giving this consideration for some time. And they went to the extent of even contacting a solicitor to do some acquisition. He was a gentleman from Red Deer, I believe.

2-JW-9

B.R. Orysiuk - Steer Ex.

Q That's your memory, he was from Red Deer?

A Yes. And in those discussions they also discussed fees to be paid to the solicitor for doing the work.

Q Is this information you got from Mr. Bargaen?

A Yes, it was.

Q Okay, go ahead and tell us about that. Tell us about the fees.

A The fees that were discussed by the City with the solicitor from Red Deer were at five per cent.

Q Now, sir, do I understand that there was a north part for this land acquisition and there was a south part, do I understand that right?

A It was a block, yes. It had a southerly and a northerly portion to it.

Q And was the responsibility for the acquisition divided up, somebody in the south and somebody in the north?

A That is correct.

2-HSA-1

B. R. Orysiuk - Steer Ex.

Q Now, sir, who was in the south?

A Mr. Achtem was acquiring land in the southern part of the area.

Q And in the north?

A And in the north it would have been Clement Parlee, through their agent.

Q Was there any significant difference between the south portion as compared to the north, in the Mill Woods area?

A Yes there was.

Q Would you explain what that is, that difference?

A The land in the southern area was primarily agricultural, and in large holdings, and was acquired -- well would go at a price much lower per acre than the land in the north end of the Mill Woods area because it was urban, and in the City. It was also used for other purposes than agriculture, it was used for industrial purposes, it was used for small holdings purposes, such as small acreage developments, and this would require, and it was supported by the appraisals, a much higher value.

Q And did that in any way influence you in assessing the fairness of the 5% as against the 3%?

A Yes, I would think it would.

Q What respect, would you explain it to His Lordship please?

A Well the difference would be that one was buying agricultural land, or the land was in the agricultural area. Insofar as acquisitions are concerned we would have had to pay in the vicinity of 7 to 10% fees for acquiring agricultural land in

2-HSA-2

B. R. Orysiuk - Steer Ex.

A (Cont.) the sense because it was outside the City and it was rural land, and those were the tariffs at that specific time. The tariffs for urban land were 3% -- were 3%.

Q Thank you, sir. Now, would you come back to some questions that Mr. McLennan asked you. After you left the corporation you set up your own consulting firm?

A That is correct.

Q Do I understand that correctly?

A Yes.

Q When did you do that?

A That was in about February of '73.

Q And it lasted until when?

A About September of that same year.

Q And in that interval, Mr. McLennan put to you, that you were doing some work for, I believe it is called Alldritt Construction but we will call it Alldritt.

A Yes.

Q Now, in what period of time were you doing that construction -- that work?

A It would be in the summer of that year sir.

Q When you say, the summer, can you be closer than that?

A Probably around July.

Q I see, that is 1973?

A That is correct.

Q Now, who was the person who retained you, the person in Alldritt Construction?

A Mr. Monaghan.

2-HSA-3

B. R. Orysiuk - Steer Ex.

Q And subsequent to your ceasing to do work with Mr. Monaghan did you ever do work for Mr. Monaghan personally?

A Yes I did.

Q And when was that?

A It started while I was working for Alldritt Construction as well. He had a piece of property of his own that he wanted to subdivide and he asked me to prepare the application for subdivision of this particular piece of property, and the application had been refused and subsequently went to appeal before the Provincial Planning Board, at which appeal I appeared on his behalf with him.

Q So that you continued to act for Mr. Monaghan on this personal matter during the time you were retained by Alldritt, and thereafter?

A That is correct.

Q Until it was completed?

A Yes.

Q Now, did anyone in Alldritt Construction ever make any accusations against you with regard to Mr. Achtem's activity, if any, in the Town of Devon?

A No sir.

THE COMMISSIONER: In the Town of what?

MR. STEER: In the Town of Devon, My Lord.

Q MR. STEER: And when is the first time you heard of such a thing?

A In this inquiry.

Q And that is when Mr. McLennan put it to you?

2-HSA-4

B. R. Orysiuk - Steer Ex.

A Yes sir.

Q Now, could we talk about the Collins brothers please. How did you meet these Collins brothers?

A One of the Collins brothers is a neighbour of mine, Mr. Mike Collins.

Q I see, and had been a neighbour during the time you were in this company called Perma -- what is it called?

A Perma Developments. He was a neighbour for some time, for about five years, even before the Perma Development Company.

Q I see, and who approached you about Perma Developments?

A Mr. Mike Collins. It resulted from that they had recently sold out a large business and they were looking at starting some developments and it was Mr. Collins, Mike Collins, who approached me.

Q And he approached you with regard to what?

A With regard to becoming involved in a development in the Territories.

Q And when you say, the Territories, you mean the North West Territories?

A North West Territories, yes sir.

Q Any specific place?.

A Inuvik.

Q And what was the basis of Mr. Collins' approach?

A They were hoping to do a development. They were looking for some people with some expertise to join them in this project and he was wondering whether I would be interested in joining them.

2-HSA-5

B. R. Orysiuk - Steer Ex.

Q And did he discuss with you what your area of expertise was?

A It would have been -- yes he did.

Q All right, tell me.

A It would have been in the area of assisting with the pro formas, of putting the package, in essence, together, and there was also a proposal call that was going to be coming out that needed some information to be gathered together for the submission on this, just some general indication. They had not been involved individually in the building of apartments per se, they had owned some but they had never been involved in the building of these apartments themselves, and that was going to be one of the areas, together with looking at mortgaging and seeing what availability there was in those areas as well.

Q Well you mentioned a proposal call, what is that?

A That is a call put out by the government, by the Federal Government, for submissions to be made to it in respect of certain requirements that they may have.

Q And what was the nature of this proposal call that the Federal Government was putting out with regard to this property in Inuvik?

A It was in regards to obtaining accommodation for their staff in the area.

Q And what kind of a project was it that the Collins brothers were suggesting on this piece of land that they had in Inuvik?

A It was a 43 acre -- or 43 unit rental apartment project.

2-HSA-6

B. R. Orysiuk - Steer Ex.

Q Now I said, and I don't know whether I am right or not, that they had the land in Inuvik; did they at that time, or were they going to acquire it and they knew it was available?

A They knew it was available at the time.

Q All right. Now, you also mentioned, pro formas, what does that mean?

A Well a pro forma is in essence a profit and loss statement designed to show the economic viability of a residential development of that nature. It shows the cost of putting it up, it shows your carrying costs, it shows the revenues you get from the suites when you rent them and basically what sort of return you can anticipate.

Q In other words it is a projection to see whether it is an economically viable project?

A That is correct.

Q When you put everything together, all the costs and everything else?

A That is correct.

Q Now, what had Collins brothers business done before they sold it out?

A They were in the ornamental steel business.

Q Now, just so we will be clear, who were the people that were going to go into this corporation that was called Perma Developments Limited?

A Mr. Mike Collins, Mr. John Collins and then a subsequent partner was added, a Mr. Rod Matthews.

2-HSA-7

B. R. Orysiuk - Steer Ex.

Q And that made four with you?

A That is correct, sir.

Q What proportions were the shares going to be allotted in?

A On a quarterly, equivalent quarterly basis.

Q Each person would have 25%?

A Yes, sir.

Q Now, did any of the shareholders, any of the four of you, put up any money to get your shares?

A Not to my knowledge. It was an endorsement at a bank of payment, a note of the loan --

THE COMMISSIONER: Well that is not what he is asking you. He is asking you did you buy shares in the company, aren't you?

Q MR. STEER: May I ask you this, sir, shares were allotted in the company?

A Yes they were.

Q And how was the money provided to pay for those shares?

A Not by payment of money but by signing of a note of credit at the bank.

Q By borrowing at the bank?

A Yes, sir.

Q And did all four shareholders do that?

A Yes sir.

THE COMMISSIONER: I don't understand that.

MR. STEER: Well, sir, I think what the situation is is that they borrowed money, everybody borrowed money and then put the cash in --

2-HSA-8

B. R. Orysiuk - Steer Ex.

THE COMMISSIONER:

Or did the company borrow money
and they guaranteed it?

Q

MR. STEER:

Do you know, Mr. Orysiuk, which way
it was, did the company borrow the money or did the
shareholders borrow the money and put it in the corporation,
which way was it?

A

I can't remember specifically which way it was, but I know
that --

THE COMMISSIONER:

It is an entirely different thing,
either you owed the bank for money, yourself, or you
guaranteed it through the company, it is just as different
as day is night.

This man has a terrible memory, Mr. Steer, or a
convenient memory, I don't know which.

Q

MR. STEER:

Well I think, My Lord, what I am
getting at --

THE COMMISSIONER:

He told us they gave the guarantee
to the bank.

Q

MR. STEER:

If they gave a guarantee then
what I am trying to ask is whether anybody paid any money
for their shares. Did you put up any cash for your shares?

A

No sir.

Q

Did Mr. Mike Collins?

A

No sir.

Q

Did Mr. John Collins?

A

No sir.

Q

Did Mr. Rod Matthews?

2-HSA-9

B. R. Orysiuk - Steer Ex.

A No sir.

THE COMMISSIONER: Probably didn't even put up their dollar allotment, but who does.

Q MR. STEER: Yes, who does. Now, at the time you were approached, sir, by Mr. Mike Collins, was anything said about the fact that you were employed with the Alberta Housing Corporation?

A No sir.

THE COMMISSIONER: Or did they know it.

MR. STEER: Pardon sir?

THE COMMISSIONER: Or did they know it, they lived next door to each other, you know.

Q MR. STEER: Okay, did Mr. Mike Collins know?

A Yes.

Q Now, you have told us that The Central Mortgage and Housing Corporation was contacted for a loan?

A Yes.

Q For a loan to Perma Developments?

A Yes.

Q As part of this project?

A Yes.

Q Now, are you able to remember who it was that contacted Canadian Mortgage -- is that right, Canadian Mortgage and Housing Corporation?

A Central Mortgage and Housing.

Q Central Mortgage and Housing?

A It would have been me, sir.

2-HSA-10

B. R. Orysiuk - Steer Ex.

Q I see. Now, what was the result of that contact?

A The result was that there were no funds available for that area.

Q Now that area is the North West Territories?

A For Inuvik, yes.

Q Inuvik?

A Yes.

Q And where is Inuvik?

A It is on the northern tip of the McKenzie Delta.

Q Now, as I understand it, and as you explained to Mr. McLennan, a mortgage was obtained from the Royal Trust Company?

A That is right, sir.

Q And did the project then proceed?

A It proceeded even before the mortgage was committed. The bank was prepared to advance us interim financing, and total financing, if need be, but by the time -- by this point in time I believe a proposal call had come out and we were successful in being awarded the call by the Federal Government.

Q Perma Developments then was proceeding as a viable idea and project, was it?

A Yes.

Q Now, there was evidence given here that there was an application made to Alberta Housing Corporation by a company -- could I see Exhibit 11, Mr. Clerk. Collins Development Corporation Limited?

2-HSA-11

B. R. Orysiuk - Steer Ex.

A Yes.

Q Did you have any interest in Collins Development Corporation Limited?

A No sir.

Q You have told us, sir -- I am sorry, did you learn at any time who the shareholders were in Collins Development Corporation?

A Yes.

Q Who were they?

A They were Mr. Mike Collins and Mr. John Collins.

Q When did you learn that, or do you know?

A I can't remember what specific time it was, sir.

Q Now, you have told us that you signed this letter dated October the 23rd, 1972 from Alberta Housing Corporation, directed to Collins Development Corporation Limited?

A Yes I did.

Q Now are you able to tell me who dictated that letter?

A By the initials on here it would have been Mr. Joe Engelman.

Q Now, what is the corporation's custom with regard to sending out letters like that relating to applications for loans?

A Well after the application comes in and is reviewed by the various divisions of the corporation a letter of this nature would be, if there was favorable indication as to the loan application, then a letter of this nature, which is to some degree a form letter that goes out, if it appears to be a favorable application.

Q As far as the corporation is concerned is it regarded, that

2-HSA-12

B. R. Orysiuk - Steer Ex.

Q (Cont.) type of letter, is it regarded as a commitment in any way by the corporation to lend funds?

A No it is not.

Q After that letter was written, Exhibit 11, and before you left the corporation, which I understand was in November of 1972, am I correct?

A That is correct.

Q Did you have anything more to do with that loan?

A Not to my knowledge, no.

Q All right. Now, in the normal routine of the corporation what would have to be done as far as that loan is concerned after Exhibit 11 went out, the letter?

A The letter is an indication in principal, it requests some modifications to the plans, it requests indication of financial equity provision from the applicants, and all these items would have to be provided and clarified before the loan could be further processed, and it is also stated in the letter that it is not to be construed as a commitment in any way, nor should construction start or proceed, that should it start that it would be strictly at their own expense and risk.

Q I understand this. So that there is information to be acquired by the corporation personnel?

A Yes.

Q With regard to the project?

A Yes.

Q And what area of the corporation looks after that?

2-HSA-13

B. R. Orysiuk - Steer Ex.

A That would have been the Mortgage Department that would have been still continuing with it, but there would be other divisions in the corporation that would be involved, such as the view of that relating to modifications in the plans, there would have been an architect involved, there would have probably been an appraiser involved because any changes in the plan would result in changes in the economic structure. There would have been probably a representative of the Mortgage Department involved.

THE COMMISSIONER: All these departments consist of 27 people, which included stenographers.

A No sir.

MR. STEER: This is a different date, sir.
The document that I showed the witness that was prepared for Mr. McColl, and which I gave back to my friend, I hope, was in 1969, as of August.

THE COMMISSIONER: Yes, that was the other one.

MR. STEER: And this is October 23rd, 1972.

THE COMMISSIONER: Yes.

Q MR. STEER: And there is a new -- there have been two new statutes and so on in the interval.

Now, after you left the corporation however, you did go back, didn't you, to speak to the corporation?

A Yes I did.

Q With regard to --

THE COMMISSIONER: I wonder if, Mr. Steer, if it was in connection with the Inuvik development at all, this Collins

2-HSA-14

B. R. Orysiuk - Steer Ex.

THE COMMISSIONER: (Cont.) Development Corporation, or was Inuvik going on Perma?

Q MR. STEER: I am greatly obliged to Your Lordship. I will make that clear. Mr. Orysiuk, was there any connection between the Collins Development Corporation Limited and the Inuvik project that was going forward in Perma?

A No sir.

Q Did you at any time ascertain where the property was that was being dealt with in the Collins Development Limited?

A During the process of the application it was brought in discussions during the process, it was identified as being in Grande Prairie, Alberta.

Q Now, you did go back, as you told us, after you left the corporation, to see the corporation with regard to this particular loan?

A Yes sir.

Q And would you tell us at whose request?

A At the request of Mr. Collins.

Q And tell us what you did?

A I spoke with Mr. McColl.

Q Tell us the circumstances?

A It was in -- the loan hadn't been finalized yet and they had asked me whether or not I would contact the corporation in a view to seeing whether there was anything I could do to assist in processing the loan.

Q Yes, sir, and did you say Mr. Mike Collins?

2-HSA-15

B. R. Orysiuk - Steer Ex.

A Yes it was.

Q Did he know you had left the corporation?

A Yes he did.

Q And would you tell us then what you did when you got to the corporation as a result of this request?

A I met with Mr. McColl. There was -- we discussed it briefly at the time that I had met with him, there was a meeting going on discussing this specific application, as I understood.

Q Who was present at that meeting?

A There was Mr. Pollard, Mr. McColl, I believe a Mr. Rounds and a Mr. Fyfe, I believe.

Q And Mr. McColl?

A Yes sir.

Q Did you take any part in that meeting?

A No sir.

Q What did you do then?

A I talked to Mr. McColl and --

Q How did you get ahold of Mr. McColl if he was with these other gentlemen?

A The meeting had just been finalized, or was being finalized, and he was coming out of the office and I met with him briefly and asked him how the application, this particular application was proceeding, and whether there was anything I could do to process it or assist in providing more information, or whatever the case might be, to assist them in considering the application. He indicated to me at the

2-HSA-16

B. R. Orysiuk - Steer Ex.

A (Cont.) time that there was some site problems, as has already been indicated, these however appeared to be being resolved, and I asked him if the application was going to be long yet in the processing and he noted that he didn't think it would be too long. It had been in the corporation since March of that year, I believe.

Q Now, is that all you had to do with that loan?

A Yes sir.

Q Now, there was mention made to you of a company, Argus Development Corporation?

A I am not -- I don't know that company.

Q Do you remember it being put to you?

A Yes I remember it being asked.

Q Do you know who that corporation is?

A No I don't.

Q Do you know if Argus ever applied for a loan through Alberta Housing Corporation?

A No I don't.

Q Now, talking about the German bank --

MR. McLENNAN: I wonder, sir, if we might have a break at this time. I have witnesses here that I can now tell to go home. If you are starting a new subject, Mr. Steer.

(The hearing resumed at 11:42 A.M.)

Q MR. STEER: Mr. Orysiuk, I would like to come to the German Bank. Now, was there a need for money in the Corporation in 1969?

A Yes, there was.

Q Why was that? What had happened that you didn't have any money?

A Well, it wasn't specifically that we just didn't have any money. The budgets were cut back that year. There was a program --

Q Which budgets are you talking about?

A The Provincial budget, the entire budget of the Province and certain appropriations in the budget were cut and one of these related to the financing of staff housing.

Q Now, when you say staff housing, would you explain that to His Lordship? What are we talking about and in what location?

A With the program, the Corporation assumed a program of maintaining and managing all the staff housing that the Government owned and was leasing to its employees and the majority of these were located in isolated areas throughout the Province and smaller communities where it was difficult to obtain adequate or accommodation for Civil Servants in that area.

Q Was there a plan at this time then, relating to staff housing, to construct?

A Yes, there was. There was a need for a substantial amount of staff housing.

Q And the construction was going to be done by whom?

A By the Corporation.

Q And these houses were located in what areas in the Province?

3-MTH-2

R.B. Orysiuk - Steer Ex.

A In generally, smaller isolated communities.

Q Now, just speaking generally with regard to money for housing, what is the effect of isolated communities or of a building being located in an isolated community as you've described it?

A Well, the mortgage company would look upon it as a risk area in that it would probably have a high interest rate and would probably, the loan amount that would be provided on each of the housing units themselves would probably be a smaller loan than you would get normally in a conventional or a larger city so you would only be getting say, maybe a 60% loan of the cost rather than say 90% of the cost of the building.

Q All right, sir. Now, when was it that --

THE COMMISSIONER: Do I understand the Corporation made loans themselves to employees or they built these places and leased them to employees? That's why they required capital monies?

Q MR. STEER: Would you just answer His Lordship and explain that portion of it?

A Yes. We would build these units and lease them to the employees. The objective of that was also to be that we would be selling the units to the employees.

THE COMMISSIONER: You would be acting as a mortgage company, too?

A That's right, that's right.

THE COMMISSIONER: You take an agreement for sale or a mortgage, as the case may be --

3-MTH-3

R.B. Orysiuk - Steer Ex.

A -- well, we would take a lease initially and if the employee wanted to buy it, then we would --

THE COMMISSIONER: That required quite a lot of money, of course?

A Yes.

Q MR. STEER: Now, sir, when did you start looking for money?

A It would have been the spring or the summer of that year, in '69, sir.

Q Now, what sources of money did you contact?

A They were both - they would have been both mortgage companies and banks and with regard to the banks --

Q -- well, just one moment. You say both mortgage companies and banks?

A Yes.

Q And did you also contact C.M.H.C.?

A Yes, sir.

Q And what happened as far as C.M.H.C. was concerned? What were they prepared to do, if anything?

A Well, they weren't prepared to provide us with any money for this purpose because they were going to be initially rental loans. Their objective was to, any monies that they were going to be providing would be going into home owner loans which meant that it would be going to individual home owners rather than to another Government agency to achieve one of its purposes.

MR. STEER: All right, sir.

3-MTH-4

R.B. Orysiuk - Steer Ex.

THE COMMISSIONER: Do I take it that this borrowing money that was required, is no relation to the Mill Woods property?

Q MR. STEER: Mr. Orysiuk, has it any relationship at all to Mill Woods, this --

THE COMMISSIONER: -- that took a tremendous amount of money to buy that.

A No, sir, it had no --

MR. STEER: Yes.

THE COMMISSIONER: I think you said - I don't know what the figure was yesterday?

A Between \$9 and \$10,000,000, sir.

THE COMMISSIONER: That wasn't, you weren't borrowing for that purpose? I mean there is no relation, one with the other?

MR. STEER: No, sir, there is not.

THE COMMISSIONER: I understand now.

MR. STEER: I'm obliged to Your Lordship.

Now, you couldn't get money from

C.M.H.C.?

A That's right.

Q What banks did you contact?

A The Canadian Imperial Bank of Commerce is one and the name of the individual that I would have spoken to would have been Mr. Wally Beach, that comes to mind. He is their mortgage --

THE COMMISSIONER: What's the name?

A Wally Beach.

R.B. Orysiuk - Steer Ex.

Q MR. STEER: All right, sir?

A He was their mortgage manager at the time.

Q That is of the Canadian Imperial Bank of Commerce?

A Yes, sir.

Q And did you contact any other banks?

A Yes, I did, at least two more.

Q At least two more?

A Yes, sir.

Q Do you know which ones they were?

A No, I'm sorry, I don't know which ones. We weren't dealing with any other banks at the time and I don't know. The only ones that we were dealing with was the Commerce and that's the only way that I could remember the name.

Q Thank you, sir. Now, would you please tell me what the results were, as far as your approaches to the banks were concerned, speaking generally?

A Generally, the monies were tight that year. There was, it was a tight money situation. They also indicated that by providing us with funds, it would in essence mean that we would be going into competition with them and that they would be loaning us the money and then we would be going out and putting it into housing and in essence that would be, they would be sort of defeating their own purpose by doing it that way. They indicated that should we place sufficient funds into the banks, that they would then in turn be able to provide us with the loans.

Q All right, sir. Now --

3-MTH-6

R.B. Orysiuk - Steer Ex.

THE COMMISSIONER: I don't understand that procedure.

Q MR. STEER: Well, just explain that to His Lordship. You went to at least two other banks and the Canadian Imperial?

A Yes.

Q And did your Corporation have accounts at those banks?

A No, it didn't, sir.

Q And what was the attitude of the banker when you were going to him for a loan, as far as the fact that the Corporation didn't have any account in the bank?

A Well, it was interested - it wanted to have an account with them so that they could do business with us.

Q Very well, sir?

A And they wanted a deposit in the bank so as to, so that they would have some justification for giving us a loan.

THE COMMISSIONER: That's the thing that appalls me. I can't understand why you'd put up cash and then borrow from the bank. If you have the cash, you don't borrow from the bank.

A But we didn't --

MR. STEER: Well, My Lord --

THE COMMISSIONER: -- just like as I said yesterday, it's like borrowing on a cash collateral --

MR. STEER: This witness of course isn't any expert in banking procedures but I think that a general experience is that your banker likes you to do business with him if he's lending you money and I think that's perhaps what the

3-MTH-7

R.B. Orysiuk - Steer Ex.

MR. STEER: (continued) witness is trying to explain. He wants your money and then he'll lend you some, too.

THE COMMISSIONER: That's something of which I have no experience. I don't suppose you have either.

MR. STEER: Well, sir, not actual but certainly hearsay.

THE COMMISSIONER: I know I haven't any actual --

Q MR. STEER: Mr. Orysiuk, has that been your experience, if the banker wants to do business --

A -- yes, sir.

THE COMMISSIONER: Well, I suppose you could do business with several banks. I have experience with that. Some companies do business with several banks.

MR. STEER: Yes, sir.

THE COMMISSIONER: Large companies.

Q MR. STEER: Yes, sir, that's right.

Now, would you tell us about --

THE COMMISSIONER: -- what about the Treasury Branch? They are sort of a branch of the Government. Did you contact them at all?

Q MR. STEER: His Lordship has asked you about the Treasury Branch?

A Well, the Treasury Branch wasn't in the business of lending money for mortgage purposes.

THE COMMISSIONER: In any event, he didn't get in touch with them at all.

Q MR. STEER: They are an arm of the Provincial

Q (continued) Government, in any event?

A That's right, that's right. And there was a tightness in the money situation and the Government decided that it had gone as far as it could with its own financial ability and to pursue this program, that we would look elsewhere for funds.

Q And it was after the close of the Session in the spring of 1969 and after the budget had been brought down, that it became necessary for the Corporation to start seeking money, is that the situation?

A Yes, sir.

Q Now, I wonder if you would tell us, sir, about your approaches to institutions other than banks, what were they?

A They were primarily mortgage companies that were lending funds. As I have already mentioned, the areas that we were looking at were isolated locations and one or two or three or four homes in a given area throughout various parts of the Province; some were even isolated in areas more than that at Lands and Forest sites in forestry areas. Their general attitude was, as I mentioned before, the high interest rate plus the fact that the loan, the maximum amount of loan would be a limited one.

Q Limited because of what, sir?

A Because of the location. Insofar as they were concerned, with these units being turned over to staff, they were concerned that they would come on the market and then they wouldn't have the security that they would in a much larger municipality.

Q What percentage of the value of the property are you talking about when you say, limited?

3-MTH-9

R. B. Orysiuk - Steer Ex.

A Well, could be anywhere from fifty to seventy percent.

Q What about interest rates, sir?

A Those would have been very high as well. As you probably know or as is known, the rates of interest vary from prime areas and good market areas to very high in areas outside of the cities.

Q Now, what interest rate, in what area was the interest rate in regard to the mortgage --

A -- it would have been at an interest rate of about 10%.

Q Now, just one more general question.

THE COMMISSIONER: The difficulty is that what he's talking about is not what we're talking about. His Corporation wanted a loan of a couple of million dollars.

MR. STEER: That's right.

THE COMMISSIONER: It wasn't a loan on John Smith's shack or a place where a mortgage company wouldn't make a loan on. It was a loan to the Corporation which would give a debenture for it.

MR. STEER: Well, sir, I think --

THE COMMISSIONER: -- or maybe a debenture wasn't discussed; it hadn't got to the mortgage company yet. It wasn't an individual loan on little pieces that he's referring to now.

MR. STEER: I think, sir, that the evidence is already that there are two ways to do it: one is by a mortgage and the other way is by a debenture. There was authority in the statute in 1968, as will become apparent, that providing the Lieutenant Governor In-Council passed an Order-in-Council doing

3-MTH-10

R.B. Orysiuk - Steer Ex.

MR. STEER: (continued) so, that loan could be guaranteed.

That was the situation.

THE COMMISSIONER: That's right.

MR. STEER: And I think --

THE COMMISSIONER: That's the kind of loan he wanted though, I gather.

Q MR. STEER: When you were talking to the mortgage corporations, sir, what kind of loan were you talking about?

A It was a building loan. It was, as you have mentioned before, sir, we looked at both types of funding, both bulk funding and individual mortgage funding on the unit per se.

Q And which form of financing are you talking about when you were telling us about the approaches to the mortgage companies?

A It was on the basis of the single unit mortgaging.

Q Now, do you remember any of your meetings with the Canadian Imperial Bank of Commerce relative to trying to get a loan, trying to get the kind of money you were looking for at this time?

A Yes, sir.

Q And where did that occur?

A There was one meeting in my office that I remember.

Q Can you remember any other meeting other than the one in your office?

A I believe there was another one in Calgary. Mr. Beach's office was in Calgary and --

Q Would you tell us about your meeting in your office here in

3-MTH-11

R.B. Orysiuk - Steer Ex.

Q (continued) Edmonton? When you say "your office", you mean your offices at A.H. --

THE COMMISSIONER: This is the Bank of Commerce we're dealing with now?

Q MR. STEER: Yes, the Bank of Commerce, perhaps I'd better give it the right name. This is the Canadian Imperial Bank of Commerce?

A Yes, yes.

THE COMMISSIONER: All right.

Q MR. STEER: Was that your meeting in your office at Alberta Housing Corporation?

A Yes, there was one there.

Q Are you able to tell us who was present?

A Mr. Beach was present at one meeting that I remember. There also was a subsequent meeting or previous to that, in which there was a gentleman from the downtown bank here in Edmonton. I can't think of his name, I'm sorry.

Q You told me that you remember a meeting in your office in A.H.C., am I correct in that?

A Yes.

Q Who was present?

A Besides myself?

Q Yes?

A The two - well, there was a gentleman from the downtown branch and --

Q Anybody else?

A I'm not sure of who else was there. There may have been the

3-MTH-12

R.B. Orysiuk - Steer Ex.

A (continued) local branch manager and there may not have been; I'm not certain of that.

Q The local branch manager being whom?

THE COMMISSIONER: You mean the man where you were --

A -- where we had --

THE COMMISSIONER: Where you were dealing?

A Yes. The local branch manager at the time would have been Mr. Garrasino. Now, whether he was at that meeting or not, I'm not certain.

Q MR. STEER: Someone else may have been there?

A Yes.

Q Can you tell us what occurred at that meeting?

A Generally the same type of discussions that we had with the, as I mentioned before, the fact that the funds were tight and going into this mortgaging business, it was a competitive area that they were in and they had, they were in the business and it would be in essence competing with them. They would have preferred to have had funds placed with them rather than drawing it out from funds that they had for loan purposes and re-directing them to our purpose.

Q Now, would you tell us what kind of banking the Corporation, Alberta Housing, was doing with the Canadian Imperial in 1969, in the summer, at the time we're talking about?

A The banking that would have been done would probably have been related to having us pay our share of costs of programs at par in Ottawa. This resulted from inter-governmental agreements between the Federal Government through C.M.H.C., the Provincial

- A (cont.) Government and the Municipal Governments that we had been involved with in projects under the Corporation and would have been primarily those.
- Q Did this mean maintaining a balance with the particular bank?
- A No, we wouldn't have.
- Q Now, you said you remember another conversation in Calgary?
- A Yes, sir.
- Q What about that?
- A That was with Mr. Beach, who was the mortgage manager.
- Q And what about it?
- A Similar discussions transpired at that particular time.
- Q Now, the authority of the Province to guarantee borrowings of this Corporation, A.H.C. was what, at this time in 1969?
- A It required an order of the Lieutenant Governor In-Council and an indication of guarantee by the signature and stamp of either the Provincial Treasurer or the Deputy Provincial Treasurer.
- Q Now, sir, you, in July of 1969, you received a letter from Mr. Farkas. The letter is already an exhibit and it's Exhibit 13?
- A Yes, sir.
- Q Do you recall that letter?
- A Yes, sir.
- Q And you told my friend, Mr. McLennan, that when you got that letter, you phoned Mr. Toshach?
- A Yes, sir.
- Q You told him something about that conversation. Did you make a point of trying to find out whether it was feasible that Mr.

3-MTH-14

R.B. Orysiuk - Steer Ex.

Q (continued) Farkas be able to, whether Mr. Farkas was capable of producing any funds?

A Yes. In the discussions with Mr. Toshach, I attempted to learn from him the abilities of Mr. Farkas, what knowledge he knew of him and what experience he had in the area.

Q And are you able to tell me, sir, what Mr. Toshach told you?

A He conveyed that Mr. Farkas was a broker in Montreal and that he had offices in Europe and in Montreal and that he had been in this business.

Q Did he give you any indication at all as to whether you would be wasting your time if you took the matter further with him?

A He indicated that in his opinion, he felt that Mr. Farkas was quite a capable organization or his company was and could produce the funds.

Q Now, there's another letter which is marked, it's July 28th, 1969, which is a letter written by you. Do you recall that letter?

A July which?

Q 28th?

THE COMMISSIONER: Which was the first letter, Exhibit 13?

MR. STEER: Exhibit 14.

THE COMMISSIONER: 13 is the one --

MR. STEER: -- the first letter, sir, was July 7th.

THE COMMISSIONER: Yes.

Q MR. STEER: And do you recall that letter that

3-MTH-15

R.B. Orysiuk - Steer Ex.

Q (continued) was put to you by my learned friend?

A Yes.

Q Are you able to remember anything that occurred with regard to the German transaction, between July 7th and July 28th?

A Could I see that letter?

Q Certainly, sir.

A Your question was, what transpired between that previous letter and this letter?

Q The first letter of July 7th and this letter, anything that you can remember that transpired either between you and the people in the Government, such as your Minister and so on?

3-JW-1

B.R. Orysiuk - Steer Ex.

A There were general discussions at that time.

Q About what?

A About funding, and about the possibility of obtaining European funds.

Q Now, you say general discussions.

A That's right.

Q Now, general discussions, and are you able to tell us with whom?

A I'm not certain, sir, it could have been with the Minister or one of the Board members.

Q All right, sir. And is that all you can tell us then about what occurred between July 7th and July 28th, relating --

A Yes.

Q -- the German matter?

A Yes, sir.

Q Was there anything happening with regard to discussions with the various lending institutions in the area of Edmonton at this time?

A Not that I can specifically recall, sir.

Q Now, we know from documentation that you were down in Montreal on August 19th, 1969; that's correct, isn't it?

A Yes, sir.

Q There is an interval then from July 28th to August 19th. Now, I think you told my friend, Mr. McLennan, that you got in Montreal on the night of August 18th, am I correct?

A I believe so, sir.

Q Okay. Then would you tell us what you can remember with regard

3-JW-2

B.R. Orysiuk - Steer Ex.

Q (continued) to what happened relating to the German loan between July 28th and the time you got to Montreal on the night of August 18th.

A I had received a phone call from Montreal, Mr. Farkas advising that the funds were available from Europe, and he gave me -- at the point of time he gave some general indications but suggested that we have a meeting in Montreal to discuss this further.

I had spoken to the Minister regarding going to Montreal --

Q Why did you speak to the Minister about going to Montreal? First, who was the Minister?

A Mr. Colborne.

Q And he was Minister of what?

A Municipal Affairs, the Department that was responsible -- or he was the Minister responsible for the Corporation and for the Department of Municipal Affairs.

Q All right, sir. Now, why did you speak to him?

A Well, it required ministerial approval to travel outside of the province, sir.

Q Could you get that from the Deputy Minister too?

A No, it would have to come from the Minister. The Deputy Minister had the travelling card that provided the tickets to travel, but it was with the ministerial approval.

Q Now, do you recall any of the conversation between you and Mr. Colborne that resulted in you getting permission to go to Montreal?

3-JW-3

B.R. Orysiuk - Steer Ex.

A I explained the reason why I was going to Montreal.

Q Are you able to tell us anything more than that about it?

A No, not specifically, other than I was going to Montreal to discuss the obtainment of funds from Europe.

Q Now, Mr. Colborne you told us was the Minister of Municipal Affairs.

A That is correct.

Q Now, can you tell His Lordship whether Mr. Colborne was a busy minister or not?

A Very much so, sir, yes.

Q Did he have a lot of tasks as the Minister of Municipal Affairs?

A I would say so, sir, yes.

Q And was the Corporation then only one of those?

A Yes, sir.

Q Generally, what was Mr. Colborne's attitude towards subordination such as you, with regard to tasks that were to be performed?

A In my interpretation it would be to go out and get the job done and don't bother me with the details too much.

Q I see. Now, did you then get permission from Mr. Colborne to go to Montreal with regard to this loan?

A Yes, sir.

Q Now, when you got to Montreal --

THE COMMISSIONER: Did you get permission from Mr. Colborne to have the Province guarantee this loan, this busy Minister?

3-JW-4

B.R. Orysiuk - Steer Ex.

A No, sir. At this time the guaranteeing aspect -- there was no way that he could even issue that guarantee. That was required by an Order-in-Council --

Q It wasn't discussed with him, that part?

A No, sir.

MR. STEER: It's not in the terms of the letter either, My Lord, Exhibit 15.

THE COMMISSIONER: It's in the terms of the letter they signed when they got down there.

MR. STEER: No, sir, I think not. Just a moment. Sorry, you are quite right, and that's because it's mentioned that it could be done in the letter of July 28th.

THE COMMISSIONER: That's right. That wasn't discussed with the Minister, the witness said.

Q MR. STEER: In the letter of July 28th which you wrote to Mr. Farkas, did you say to him -- and this would be Exhibit 14, My Lord.

THE COMMISSIONER: All right.

Q MR. STEER: Did you say to him the security for the loan could be in the form of a first mortgage or in the form of a debenture guaranteed as to repayment of principle and interest by the Government of Alberta?

A Yes, I did.

THE COMMISSIONER: The letter is clear.

Q MR. STEER: What was your understanding when you left the Minister's office as to what you were to do when you went down to Montreal?

3-JW-5

B.R. Orysiuk - Steer Ex.

A That I had general authority to negotiate on behalf of the Corporation.

Q For what purpose?

A For funding purposes.

Q All right, sir. Now, if you look at -- and in the statute there was authority for a guarantee.

A Yes, there was.

Q If you look at Exhibit 15 you will see that you signed that document.

A Yes, sir.

Q And what was your understanding with regard to what the effect was by placing your signature on there?

THE COMMISSIONER: If we were in a court, Mr. Steer, somebody would be arguing that the understanding is in the agreement.

MR. STEER: Quite so.

THE COMMISSIONER: I suppose we can wander any place we want.

MR. STEER: Well, I was hoping so, sir.

THE COMMISSIONER: I mean that is a document that the man signed that seems fairly clear. Now, if he doesn't understand it he shouldn't be in the job he is in.

MR. STEER: I am going to bring out, sir, at some stage, what Mr. Orysiuk's education was and his position generally, and what his experience was in the service he was in, and this is 1969, sir.

I do submit that it would be of

3-JW-6

B.R. Orysiuk - Steer Ex.

MR. STEER: (continued) value to Your Lordship to know what he thought he was doing, what he was told, and matters of that nature at this time.

THE COMMISSIONER: I think so. I am not suggesting that you can't bring it in, but I am suggesting there is a document that is a little troublesome, perhaps --

MR. STEER: Well, we all know, sir, that lots of people sign things and then there are great disputes about --

THE COMMISSIONER: I know they do, but here is an executive head of a corporation which is spending that same year nine million to \$10 million, that's nothing to do with this transaction.

MR. STEER: Quite.

THE COMMISSIONER: He is the responsible cabinet and he says he will -- and he is dealing with a transaction of a holding over \$2 million. It isn't peanuts exactly.

MR. STEER: And Your Lordship will recall that with regard to the nine or \$10 million transaction, and I'm just trying to explain my position to you, sir, there was very remarkably little documentation. Most of it were oral conversations and it just doesn't seem --

THE COMMISSIONER: We don't even know where they got the money because he has told us a minute ago they didn't have any money in the Bank of Commerce. I don't know whether they picked it out of the air or where they got it.

3-JW-7

B.R. Orysiuk - Steer Ex.

MR. STEER: For the Mill Woods, sir?

THE COMMISSIONER: Yes.

Q MR. STEER: Where did you get that money?

A That was started by an advance from the Treasury by a couple of -- I think \$100,000 or something, and in the interim the Central Mortgage and Housing Corporation agreed to provide the funds.

Q And was that because the land was in the vicinity of the City of Edmonton?

A It was specifically for a program under the Act which they could lend on.

Q And in addition to that was it relating to properties that would be acquired by purchasers, ordinary individuals buying housing in the City of Edmonton?

A It would eventually result --

Q Eventually.

A Yes, that was a specific program that they were carrying out.

Q And is that --

THE COMMISSIONER: Yes, but of course that wasn't the deal. The deal was that this was going to be turned over to the City of Edmonton, and the City of Edmonton would pay for it. And I gather did do so.

Q MR. STEER: At any rate you were able to get money from C.M.H.C. for the Mill Woods project.

A Yes, sir.

THE COMMISSIONER: Well, that answered that point anyway.

3-JW-8

B.R. Orysiuk - Steer Ex.

MR. STEER:

Yes, sir.

Q MR. STEER:

Now, what I was going to ask you,

Mr. Orysiuk, with His Lordship's permission, is what was your understanding as to what you were doing or what the effect was by signing the document, Exhibit 15?

A It was acceptance of a proposal by the bank in which they were expressing interest in buying the debentures, and it was not -- nor could I, nor was it intended as a commitment to commit the government to this proposal, that that approval would have to be documented in subsequent stages. As a matter of fact it states right in this document that their bank is interested in buying bonds and debentures.

And the other factor was that the Mark apparently had been floating --

Q May I ask you one other question first, sir. The letter says, the bank is interested, you have told us that.

A Yes.

Q Now, where was the acceptance which appears -- when was the acceptance which appears at the bottom of that letter, and it's over your signature, when was that put on the letter? The letter, of course, is addressed to Mr. Farkas, isn't it?

A That's right.

Q When was that put on?

A That was put on the letter at the meeting between Mr. Farkas and myself.

Q Was not on the original letter?

A No, sir.

3-JW-9

B.R. Orysiuk - Steer Ex.

Q Now, would you tell me, sir, whether there was any discussion at that time about reasons for wanting that on and your signature?

A Yes, they wanted some indication that these -- that this was acceptable to us for negotiation purposes with them. You must remember we weren't dealing directly with the bank, we were dealing with Mr. Farkas, who was a mortgage broker, and he wanted some indication from us as to whether this was acceptable or not. The Mark had been floating and the quicker this could be locked in or indications given, then he in turn could have this put into effect with the bank in Germany.

Q Who told you about the Mark floating and that sort of business?

A Mr. Farkas.

Q And was that in connection with asking you to put your name on that?

A Yes, sir.

Q And are you able to recall what Mr. Farkas said with regard to that?

A Only in general terms, that he wanted an indication fairly soon because the Mark had been floating and was going up and down. There was general indications, as I understood from him, that the Mark was going to drop and that this would be of considerable benefit to us; however, we could benefit by it at this point if we were to get some acceptance to the proposal as he was giving it.

Q And this was said to you?

A Pardon me?

3-JW-10

B.R. Orysiuk - Steer Ex.

Q This was said to you?

A Yes, sir.

Q All in connection with getting your name on that piece of paper?

A Yes, sir.

Q Now, Mr. McLennan produced to you from the Corporation's files, a letter of September 3rd, 1969, or a copy I should say. Is this the office file copy of a letter you wrote to Mr. Farkas?

A Yes, sir.

Q And, of course, it was sent to him?

A Yes, sir.

MR. STEER: Could that be marked, My Lord.

THE COMMISSIONER: What's the date of that, Mr. Steer?

MR. STEER: September 3rd, 1969.

THE CLERK: Exhibit 24, sir.

THE COMMISSIONER: 24 you say?

THE CLERK: Yes, sir.

LETTER DATED SEPTEMBER 3rd, 1969,
ENTERED AS EXHIBIT 24.

Q MR. STEER: Why did you write that letter, Exhibit 24, sir?

A The bank wanted some further information about the Province, particularly it wasn't that familiar with Alberta and it wanted to know -- have some indication of size of the -- the financial position of the government at that time in Alberta, and so that was a covering letter to show that. There was a 1968 public accounts statement that showed the financial position of the

3-JW-11

B.R. Orysiuk - Steer Ex.

A (continued) Province as well as a financial statement of the Corporation.

Q Did you receive a request from anyone to write that letter to Mr. Farkas?

A I believe it was a phone call from Mr. Farkas.

Q And you provided financial information with regard to the Province and with regard to the Corporation?

A Yes, sir.

Q Did Mr. Farkas tell you why he wanted that information?

A It was to explain to the bank the -- apparently in response to a request from the bank in getting a better idea of the Province's financial position and the Corporation's.

Q Thank you, sir.

Now, on September 4th there was a meeting of the Board of Directors of this company.

A Yes, sir.

Q And the persons present are shown to be Mr. A.W. Morrison, Mr. J.E. Hart -- I am referring to Exhibit 17, My Lord - B.A. Wood and yourself.

A Yes, sir.

Q Were there any other directors of this company at this time according to your memory?

A No, sir.

Q Now, Mr. Morrison, what was his position?

A He was the Deputy Minister of Municipal Affairs.

Q And how busy a man was he?

A Very much so, sir.

3-JW-12

B.R. Orysiuk - Steer Ex.

Q And Mr. Hart?

A He was the Deputy Attorney General.

THE COMMISSIONER: He didn't have anything to do with it.

MR. STEER: Pardon?

THE COMMISSIONER: He didn't have anything to do with it.

Q MR. STEER: Was he a pretty busy man, too?

A Yes, sir.

Q And Mr. Wood?

A Mr. Wood was Deputy Minister of Lands and Forests, sir.

Q What about him?

A Yes, he was busy. As a matter of fact it used to be difficult at times to get them all to come to meetings.

Q All right. Now, with regard to actually borrowing the money, issuing the debenture and borrowing the money, and perhaps you should look at Exhibit, I guess it's 18.

THE COMMISSIONER: Was there anything that happened between the writing of the letter, Exhibit 24, between Farkas and this gentleman, anything that happened between then? The next thing we see, you see, is this document being despatched to them.

MR. STEER: Well, we have the actual document, sir.

THE COMMISSIONER: I know, it's being despatched to them.

3-JW-13

B.R. Orysiuk - Steer Ex.

MR. STEER: Exhibit 24 is dated September 3rd,
My Lord.

THE COMMISSIONER: That's right.

MR. STEER: The meeting I just referred to is
dated September 4th, which has the loan in it.

THE COMMISSIONER: Now he sent this information to Mr.
Farkas, he says, for the information of the bank.

MR. STEER: Yes.

THE COMMISSIONER: Now, we don't know whether this
information satisfied the bank or not. All we find is that
documents were sent off.

Q MR. STEER: Did you hear anything back --

THE COMMISSIONER: Wasn't much time to hear anything,
I suppose.

Q MR. STEER: Did you hear anything back from Mr.
Farkas, having sent him the letter of September 3rd, 1969?
Are you able to tell whether you did or not?

THE COMMISSIONER: You see, that letter was despatched
on September 3rd; it wouldn't get to Montreal before this
meeting was held.

MR. STEER: No, the meeting was held on the
4th, the next day.

THE COMMISSIONER: Yes.

Q MR. STEER: Did you hear anything from Mr.
Farkas with regard to that letter?

A With regard to this one?

Q Yes.

3-JW-14

B.R. Orysiuk - Steer Ex.

A Yes, I did. In requesting this information it wasn't a matter of advancing or not advancing the loan; it was a matter of obtaining this information in support of it.

Q Now, I want to show you -- would you like to read that letter?

A Yes.

Q Now, do you recall writing that letter? That's an office copy.

A Yes.

Q And that letter is going to the Main Bontal Bank.

A Yes.

Q Was that sent at anybody's request?

A It would have been sent at the request of Mr. Farkas.

Q I see. And that letter says:

Further to our acceptance dated August 19th, 1969, of your offer of August 15th, for your information I would advise that Alberta Housing and Renewal Corporation is a Crown Corporation and so on, and you provide them with some information.

A Yes.

Q Now, why was that information being supplied to the Bontal Bank?

THE COMMISSIONER: What was the date of that?

A They were both September 3rd.

MR. STEER: Same date, sir, September 3rd, 1969.

A I can't remember at whose request this was.

3-JW-15

B.R. Orysiuk - Steer Ex.

Q MR. STEER: You can't?

A No, I can't. I can only assume that it was Mr. Farkas' or the bank's request.

THE COMMISSIONER: Well, the fact that you got all these documents executed by the proper authority and that sort of thing on the 4th of September --

A No, the --

THE COMMISSIONER: Was the meeting held on the 4th of September.

MR. STEER: That's right, sir.

THE COMMISSIONER: And you say the authorities were given. Wasn't that in compliance with your agreement with Farkas?

A Of the meeting of the 4th?

MR. STEER: No, no.

A I'm sorry.

Q MR. STEER: His Lordship is referring to the acceptance as it's called that you signed which is Exhibit 15, I believe that's correct.

THE COMMISSIONER: Yes, I'm suggesting that he had a deal with Farkas and he came back and got the documents on the 4th.

A All this is is a confirmation of the offer, of the acceptance.

Q MR. STEER: Now what His Lordship has said to you is that, he is saying that at the time you signed Exhibit 15 you were intending to commit someone that they would definitely take, borrow the money. I think that's what His

3-JW-16

B.R. Orysiuk - Steer Ex.

Q (continued) Lordship is saying.

THE COMMISSIONER: That appears from the document.

And the next thing you see happening is he writes a letter on the 3rd of September. There is no answer to that letter because on the 4th of September this thing is put before the Board and it's all completed. And there is nothing to show that the Board said, well what is this? Well, this is just conversations I have been having. I don't know whether it will go through or not. And then we find the documents sent down all based on the letter of the 19th.

MR. STEER: You see, sir, the letter of August 18th only says, our bank is interested in buying these bonds. It doesn't say that we are going to do it.

THE COMMISSIONER: The next thing you see is they send the certificate along.

MR. STEER: And then the documents were sent, you are quite right. But my point, I think the point is at this stage that it was signed by Mr. Orysiuk for the reasons he gave as given to him by Mr. Farkas, and the matter proceeded from that point.

THE COMMISSIONER: That may or may not be.

MR. STEER: Pardon?

THE COMMISSIONER: We'll hear from somebody else on that.

MR. STEER: Well, perhaps.

THE COMMISSIONER: As to what that understanding was, because we can't tell what his understanding is because his

3-JW-17

B.R. Orysiuk - Steer Ex.

THE COMMISSIONER: (continued) understanding could be completely different from somebody else's understanding.

MR. STEER: Indeed.

THE COMMISSIONER: But we do find exactly pursuant to that offer, and if you like, acceptance, or whatever you'd like to call it; we do find these documents sent in the exact terms, and discussed at the meeting, probably -- I don't know whether it was discussed at the meeting on the 4th of September.

Q MR. STEER: And the Minutes of September 4th, which are Exhibit 17, are they signed?

A Yes, sir.

Q By whom?

A By the Chairman of the Board.

Q And who is he?

A Mr. Morrison.

Q And he was the Deputy Minister of Municipal Affairs?

A Yes, sir.

Q And that was the Department that dealt with Alberta Housing Corporation?

A Yes, sir.

Q Now, did you, sir, understand that you at any time had any authority to commit the Province to anything? I'm speaking about going down to Montreal, of course.

A I understood that I had the authority to negotiate for a loan and that I had the authority to express an acceptance.

Q I see.

3-JW-18

B.R. Orysiuk - Steer Ex.

THE COMMISSIONER: That's just exactly what you are asking, he had authority to express an acceptance. What does that mean except to accept for the Province.

Q MR. STEER: Accept on whose behalf, sir?

A On behalf of the Province.

Q I see. Or on behalf of your own Corporation?

A I'm sorry, on the Corporation --

THE COMMISSIONER: You don't need to coach him now.

MR. STEER: I'm not coaching him, I just want to --

THE COMMISSIONER: You want to do the best you can, quite.

Q MR. STEER: Now, where did you get that understanding?

A From discussions I had with the Minister.

Q And was this when you got permission to go down to Montreal?

A Yes, sir.

Q Now, the document I wanted to get is -- here it is, Exhibit 18. Might I speak to my friend for a moment?

THE COMMISSIONER: Yes.

Q MR. STEER: Before I do that -- I would like to see Exhibit 16.

When you came back from Montreal did you send a memorandum to Mr. Morrison, the Deputy Minister?

A Yes, I did.

Q And that related to getting formal, getting your trip formalized?

3-JW-19

B.R. Orysiuk - Steer Ex.

A Yes, sir.

Q Is that because Mr. Morrison had been away at that time?

A I believe so, sir.

Q Now, is this a copy, Exhibit 16, of the memorandum you wrote to Mr. Morrison?

A Yes, sir.

Q And in that memorandum you say:

"I am attaching hereto a letter in draft form felt suitable for the Minister's signature, authorizing Mr. Emmelkamp, our accountant, and myself, to travel to Montreal August 18th and 19th to consummate our borrowings with the mortgage consultants there.

A Yes, sir.

Q And that was a letter to your Deputy Minister?

A Yes, sir.

Q Now, sir, you have --

THE COMMISSIONER:

That's quite clear, consummate our deal.

MR. STEER:

Yes, sir, and to his senior officers.

THE COMMISSIONER:

That's just what he says.

Q MR. STEER:

This is the debenture, is it?

A Yes, sir.

Q Do you know where that was prepared? Or at least I should say it's a photocopy of it.

A Yes. It probably would have been prepared by the --

3-JW-20

B.R. Orysiuk - Steer Ex.

Q Do you know?

A No, I don't know, specifically.

Q All right, sir. Was it prepared in your Corporation?

A It may have been, but if it was, it was with the assistance of the -- it would have been with the assistance of the Treasury Department as to format, I believe.

Q Now, there is a photocopy of a signature chairman, whose signature is that?

A That's Mr. Morrison's, the Chairman of the Board.

Q And whose signature appears below that?

A Myself.

Q I see. Now, there appears to be a form of guarantee, and whose signature is that?

A That's Mr. Fred Stewart, the Deputy Provincial Treasurer.

Q Yes. And what is that document?

A That is the official Government guarantee to the repayment of that debenture as to principal and interest.

Q Do you recall how it came about that Mr. Stewart's signature had gone on the form of guarantee?

A I presented the document, or the information to him, sir.

Q All right. Now, tell me about that, would you, please, about your seeing Mr. Stewart.

THE COMMISSIONER: Is that the same time as the debenture was signed?

MR. STEER: I'll ask that.

Q MR. STEER: And at the time you went to see Mr.

3-JW-21

B.R. Orysiuk - Steer Ex.

Q (continued) Stewart did you have any documentation with you,
or ...

A Yes, all those documents would have had to have been there.
The debenture would have had to have been there and signed and
... so the document was there.

3-HSA-1

B. R. Orysiuk - Steer Ex.

Q Now, would you tell us what occurred with Mr. Stewart?

A I explained the loan to him and requested his guarantee on it. I said that we had discussed it at a board meeting and given him the date of that board meeting, I think. He made reference to the high rate, to the cost of this at the time, and I pointed out that it was in Deutschmarks and there could be some benefit to us in this.

Q Who pointed that out?

A I pointed it out, that it was in Deutschmarks.

THE COMMISSIONER: Up or down?

A Yes, up or down, right, and he said that he was familiar with this fact and that it could go either way. I was under the impression earlier from Mr. Farkas that there was going to be a general decline in the value of the mark.

Q MR. STEER: Well did you say that to Mr. Stewart?

A Yes I did.

Q And what did he say with regard to that?

A He didn't comment too much on it, he said, I am familiar with the mark and it goes all over the place, something to that effect, but I specifically pointed it out that it was a Deutschmark..

THE COMMISSIONER: But we had some information on this that Mr. Stewart, or somebody, said, don't cash this just yet because --

MR. STEER: That letter is in evidence sir.
It was discussed.

3-HSA-2

B. R. Orysiuk - Steer Ex.

THE COMMISSIONER: Maybe it was discussed at this time, I don't know.

MR. STEER: I will come to that, sir.

THE COMMISSIONER: All right.

Q MR. STEER: Now, this guarantee recites that by virtue of the powers conferred by the Legislature of the Province of Alberta, and of an Order of the Lieutenant Governor-in-Council?

A Yes sir.

Q Whose responsibility was it to get that Order-in-Council?

A I believe it was the Deputy Provincial Treasurer's.

Q And that would be who?

A Mr. Stewart, the person signing that document.

Q And do you know whether at the time he signed this the Order-in-Council had been obtained?

A I am not sure whether it had been or not, sir.

Q In any event the guarantee that Mr. Stewart signed does recite that it is by virtue of the powers of the Legislature and of an Order-in-Council?

A That is correct, that is where he gets his authority from.

Q We are just looking for that particular Exhibit, sir.

I am showing you a photocopy, or a copy of a letter which appears to have come from the corporation's file, is that a copy of a letter you wrote?

A Yes it is.

THE COMMISSIONER: Exhibit, Mr. Steer?

Q MR. STEER: Exhibit 19, sir.

3-HSA-3

B. R. Orysiuk - Steer Es.

Q (Cont.) Now, that letter gives some directions?

A Yes it does, with respect to the debenture, and that it be, that the funds be placed in a German --

Q Bank?

A Bank.

Q And held for how long?

A For a minimum of 45 days.

Q Yes. Now, why did you write that letter? Did you get any instructions from anybody to write it, let me ask you that.

A Whether it was an instruction or advice I am not sure whether it was from Mr. Farkas, or as mentioned previously by Mr. McLennan, whether it came from Mr. Stewart, it could have come from either source. It was probably from Mr. Stewart, and the reason for it was that the mark was -- the loan was committed -- or the funds were being held at a specific value of mark and the mark was going up at the time and there would be benefits to us, not to withdraw the money at that specific point in time because its value was going up and we could benefit by that value adjustment.

Q At any rate, Mr. Orysiuk, you wrote that on the instructions of someone?

A Yes, sir.

Q Either Mr. Stewart, or at the suggestion of Mr. Farkas?

A Yes, sir.

THE COMMISSIONER:

Did anyone ever reply to you

B. R. Orysiuk - Steer Ex.

THE COMMISSIONER: (Cont.) saying that the information that you had given to them in your letter of September 3rd, or whenever it was, was satisfactory to them?

MR. McLENNAN: There is a letter, I believe, from the assignee --

THE COMMISSIONER: Oh, that is later on.

MR. McLENNAN: Asking how are things in Alberta, but that is about it.

THE COMMISSIONER: Pardon me?

MR. STEER: Asking how things are in Alberta, sir.

THE COMMISSIONER: Or in Gloccamora.

MR. STEER: They are a long way apart, sir.

THE COMMISSIONER: He wrote that letter but apparently he didn't get a reply to that, that must have satisfied them and the next thing we find is all this work being done, that is what I have been talking about.

Q MR. STEER: Mr. Orysiuk, you wrote on September 3rd two letters, one to Mr. Farkas, one to the Main Bontal Bank, did you get any replies?

A I can't remember if I did, sir.

Q I see. Well we will search the files and make sure, sir.

THE COMMISSIONER: Well aren't they Exhibits?

MR. STEER: This should be an Exhibit, this is one of the letter of September 3rd, sir.

THE COMMISSIONER: Yes.

Q MR. STEER: Mr. Orysiuk, what was your

3-HSA-5

B. R. Orysiuk - Steer Ex.

Q (Cont.) education? When did you take employment in the government, perhaps I better ask you that first?

A 1954.

Q What was your education?

A At that time I had come out of high school and started with the government as a draftsman, as a junior draftsman.

THE COMMISSIONER: Well are you marking this letter of September?

MR. STEER: Yes, I asked that it be marked.

THE COMMISSIONER: Exhibit 25.

LETTER DATED SEPTEMBER 3rd
MARKED EXHIBIT 25.

Q MR. STEER: Mr. Orysiuk, you went -- you took employment as a junior draftsman with the province in 1954?

A Yes, sir.

Q And you told me you had a high school education at that time?

A Yes sir.

Q What grade?

A Grade 11, sir.

Q Now, did you have any additional education, other than that?

A Yes, at the Department of Extension, University of Alberta.

THE COMMISSIONER: What was the date of this employment, did you say?

Q MR. STEER: 1954 he started, sir.

Now, how long did you remain a junior draftsman?

A For a couple of years, sir.

Q And then what became of you?

3-HSA-6

B. R. Orysiuk - Steer Ex.

A And then I got appointed to a more senior drafting position and then to a Planning Officer position and with the Planning Branch, Department of Municipal Affairs.

Q What year did you get into the Planning Branch?

A Oh, I got into the Planning Branch about a year after I started employment with the government, so it would have been about 1955, and from that time until 1965, which is about 10 years, I guess, I was with the Planning Branch and spent my entire time there.

Q And what kind of work were you involved with there?

A Planning work primarily.

Q Well what did you do?

A Initially as a draftsman drawing plans and preparing subdivision designs and working on zoning by-laws, matters of that nature.

Q And did that kind of work continue right through to 1965?

A Yes sir.

Q In the interval that you were doing -- when you were doing that kind of work did you get any other additional education?

A Yes sir. I attended the Department of Extension for three years and obtained a certificate in Municipal Administration. I also attended the Department of Geography and took a year in Urban Geography at the University.

Q What is Urban Geography?

A It is related to planning, it is the study of urban --

Q Use of land, is that it?

A Yes.

Q All right. Now, the Municipal Administration; that, you said,

3-HSA-7

B. R. Orysiuk - Steer Ex.

Q (Cont.) was an extension course?

A Yes it was.

Q Not a regular University course?

A No it wasn't.

Q When did you take the classes in that?

A It would have been, oh, in around 1957 sometime.

Q Were those evening classes?

A Yes they were, and weekends.

Q And what does it relate to?

A It relates to the operation of the Department of Municipal Affairs primarily, and the relationship between it and the municipalities generally.

Q And you told us you started with the corporation in 1965?

A 1965, '66, in that area.

Q Yes, and at the time you started it had -- I think there was yourself and the stenographer?

A That is correct.

Q And then it developed gradually from there?

A Yes sir.

Q Did you have anything in your experience to fit you, or give you any education or understanding of loans involving foreign monies?

A No sir.

Q Your education was in planning entirely, is that correct?

A Yes sir.

MR. STEER: Those are the questions I have, sir.

3-HSA-8

B. R. Orysiuk - Steer Ex.

THE COMMISSIONER: Well it is one o'clock, gentlemen.

You may have some matters arising out of this, Mr. McLennan?

MR. McLENNAN: I think I will have, sir.

THE COMMISSIONER: Well there is no object in starting now. We will adjourn until tomorrow morning.

C A N A D A
 PROVINCE OF ALBERTA
 TO WIT:

IN THE MATTER OF THE PUBLIC INQUIRIES
 ACT AND THE ALBERTA HOUSING CORPORATION

The Honourable Mr. Justice
 J. M. Cairns

Commissioner.

R. A. McLennan, Esq., Q.C.

Commission Counsel.

G. A. C. Steer, Esq., Q.C., For R. B. Orysiuk.

A. T. Murray, Esq., For William Weir.

W. A. Stevenson, Esq., and
 A. H. Lefever, Esq., For D. McColl.

J. E. Redmond, Esq., Q.C., For E. P. Achtem.

E. D. Stack, Esq., Q.C., For Gateway Building
 Supplies.

DATE: May 9, 1974.

HELD AT: Edmonton, Alberta.

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Supreme Court Reporters

EDMONTON - ALBERTA

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B.R.Orysiuk - McLennan Ex.

PROCEEDINGS before The Honourable Mr.
Justice J. M. Cairns, at Courtroom 15,
The Law Courts, in the City of Edmonton,
Province of Alberta, commencing at 9:47 a.m.,
Thursday, May 9th, A.D. 1974.

BOHDEN ROBERT ORYSIUK, re-enters the stand, further examined by
Mr. McLennan:

THE COMMISSIONER: I looked up that point, Mr. McLennan,
and there is nothing to it.

MR. McLENNAN: There isn't, sir?

THE COMMISSIONER: No.

MR. McLENNAN: Well in any event to satisfy the
bank's solicitor both Mr. Steer on behalf of Mr. Orysiuk and
Mr. Redmond on behalf of --

THE COMMISSIONER: All you have to do is read the
section of the Act. The section of the Act applies to the
records of a bank, and if you want the records of a bank
that's another matter, but if you want to ask a man some
questions as to what conversation he had with somebody else
that has got nothing to do with Section 41 (5), I am sure
that Mr. Steer agrees with that.

MR. STEER: I have been instructed, sir, that
any technical objection that may exist will not be taken,
and I have been so instructed by Mr. Orysiuk.

THE COMMISSIONER: No, but on behalf of the corporation.
You see these were conversations that this gentleman had as
an officer of the company. It is the Alberta Housing
Corporation that would have the right to oppose.

1-HSA-2

B.R.Orysiuk - McLennan Ex.

MR. STEER: I have clear instructions, sir,
from Mr. Orysiuk, as far as he personally is concerned, sir.

MR. REDMOND: I have similar instructions from
Mr. Achtem, sir.

MR. McLENNAN: We will be going into matters, sir,
not only insofar as the bank is the banker of the corporation,
but insofar as the bank is the banker of Mr. Orysiuk personally,
and of Robco Investments.

THE COMMISSIONER: Well that is right --

MR. McLENNAN: The guarantors --

THE COMMISSIONER: But if you look at Section 41(5) you
will see that it applies to records of a bank. Now, unless
you start getting records of a bank then you can ask him
whatever you like.

MR. McLENNAN: I don't know where the bank's solicitor
has gone, sir.

THE COMMISSIONER: He probably read the Act and has
gone home.

MR. McLENNAN: In any event we will proceed, sir.

THE COMMISSIONER: Good.

Q MR. McLENNAN: Mr. Orysiuk, you are still under
oath, sir?

A Yes sir.

Q You mentioned that you thought that 5% was a reasonable fee
because you were dealing with agricultural lands, and frequently
the real estate commission for selling agricultural land is

Q (Continued) 7 to 10 per cent?

A Yes sir.

Q Surely you appreciate the reason for that rate is that if you're selling a farm away out in the country, or an acreage, the realtor has to make a lot of trips out of town and it gets to be an expensive type of property to sell?

A Right.

Q Well that wasn't the case here, was it?

A It was out of town and it was primarily agricultural land.

Q Well --

A It was certainly not in the City. In close proximity, sure.

Q Do you have any doubts at all that if you advertised the fact that you wanted either a real estate agent or a lawyer to buy \$9,000,000 worth of land, when the cost of the land wasn't necessarily the prime factor, and you wanted it done in six weeks, that there would be a line-up from here to the Montana border if you offered 3%?

A Well the price of the land was certainly a factor because if this thing got out it would have escalated right out of the picture. The aspect of the commission of 5% was already one which was construed between myself and Dr. Bargen as an equitable fee to pay to retain a solicitor, period.

Q But surely you appreciate that that is a very very lucrative assignment that you were handing out?

A Yes.

Q One that most lawyers, if you like, or most real estate agents, wouldn't run into in a lifetime, or two or three

1-HSA-4

B.R.Orysiuk - McLennan Ex.

Q (Continued) lifetimes?

A Well I don't know about the rest of the real estate lawyers.

Q Well, did you think it was a sort of a standard fee arrangement?

A Well I understood this to be a fair and equitable fee, yes.

THE COMMISSIONER: Well in the back you always had a trump card, Mr. Orysiuk. You always had the right to expropriate, whether you scared the people or not.

A Yes, but that was not the policy, sir, that the Government would have wanted to employ.

THE COMMISSIONER: Well it may not have been, but you said you wanted to get this place as cheaply as you could, which is ordinary common sense, but there was always the right to expropriate.

A Yes, sir, but once you start expropriating procedures the secrecy would have been out.

THE COMMISSIONER: Oh, no question about that at all, no question at all, the secrecy would have been out but you would have had the judicial proceedings where secrecy wouldn't make any difference in expropriation.

A Right, and we were dealing on many parcels of land.

THE COMMISSIONER: You were dealing with something which you paid about \$9,000,000 for, or more, so the secrecy may not have made too much difference. I am just suggesting that you always had the right to expropriate, if you wanted to.

A In my interpretation, sir, that would have been -- could have been only used as a last resort in some of the last parcels

B.R.Orysiuk - McLennan Ex.

A (Continued) that we wanted to acquire. If we started --

THE COMMISSIONER: You didn't want to use it but you could have used it if you wanted to. And suppose you just couldn't buy any of this land at all except at exorbitant prices then you could expropriate, and, of course, expropriation would have taken a lot of money too, but you still had that right?

A That is true, but --

THE COMMISSIONER: Which is not a right that everybody has, it is kind of a convenient bargaining power that you had.

Q MR. McLENNAN: Mr. Orysiuk, you purchased an aircraft, a Queen Air, that is the corporation did?

A Yes.

Q CKM?

A Yes.

Q And from whom was that purchased?

A The aircraft was purchased, I believe, in the United States.

Q Do you know who the vendor was?

A No, I can't remember who it was.

Q And you went down to somewhere in Montana to have a look at the aircraft before you bought it?

A No I did not. Mr. Fyfe did, our pilot, he was a pilot.

Q Well I thought you and Mr. Achtem went together to look at the aircraft that you eventually bought?

A No sir, I was not on that trip.

1-HSA-6

B.R.Orysiuk - McLennan Ex.

Q Was there another trip where you and Mr. Achtem travelled in the aircraft from Montana?

A No sir, at no time.

Q All right. How was that financed, the purchase of that aircraft?

A I am not sure whether it was on a lease basis or on a straight purchase basis, perhaps Mr. Emmelkamp can enlarge on that.

Q Well my understanding is a lease-back with Canadian Acceptance Corporation, C.A.C.?

A Yes, that is probably so.

Q Who arranged that?

A Who arranged the -- it would have been through our offices, I believe, I can't remember the negotiating on the plan, it may have been suggested by the people who were selling the plane, I am not sure specifically. It could have been Mr. Fyfe's suggestion, I wasn't that familiar with aircraft, and he was, he was a pilot, and he was quite familiar with it.

1-JW-1

B.R. Orysiuk - McLennan Ex.

Q Well, you didn't do any negotiating with C.A.C.?

A Personally?

Q Yes.

A Not to my knowledge, no.

Q Now, with regard to your involvement in Perma Developments, did you request permission of either the Minister of Municipal Affairs or the Board of Directors of Alberta Housing Corporation for you to become involved in that?

A No, sir, I did not.

Q Were you asked by Collins Bros. to get that kind of permission or clearance?

A By Collins Bros.?

Q Yes.

A No, I did not.

Q They did not ask that?

A They did not ask that.

Q All right. And do you have a safety deposit box, sir?

A Yes, sir.

Q Where is that located?

A Canadian Imperial Bank of Commerce on 24th Street and 18th Avenue.

Q What does it contain?

A Birth certificates, marriage license, things of that nature.

Q Any negotiable instruments or cash in it?

A None whatsoever, sir.

Q All right. Have you had any business dealings at all with Mr. Messier?

1-JW-2

B.R. Orysiuk - McLennan Ex.

A Never.

Q Now, yesterday you testified in answer to questions put to you by Mr. Steer, that Mr. Colborne was a very busy man that wanted things done and didn't want to be bothered with details, is that roughly --

A Generally, roughly, yes.

Q Are you suggesting by that evidence that Mr. Colborne wasn't interested in the terms of the bank loan you were getting from West Germany from Mr. Farkas?

A No, I wouldn't say he wasn't interested. He was -- his advice would have been to go and negotiate the best deal possible type of an arrangement.

THE COMMISSIONER: That doesn't get us very far, does it? Would have been is not -- you can't tell what his advice would have been at all, could you?

A I'm trying to recollect, sir, to the best of my knowledge.

THE COMMISSIONER: Oh, I thought you meant had he been consulted his advice would have been; that's not what you mean?

A No, sir.

Q MR. McLENNAN: Do you mean to the best of your memory that's what his advice was?

A To the best of my -- yes, it would have been. It was, yes.

Q You felt you had general authority from Mr. Colborne to go and negotiate the terms of this borrowing?

A Yes.

Q Now, before you went to Montreal, which is presumably before you talked to Mr. Colborne, you talked to Mr. Colborne as I

B.R. Orysiuk - McLennan Ex.

Q (continued) understand it, after you received Mr. Farkas' phone call to come on down to Montreal, I think we can do something for you.

A Yes, I believe so. Yes, I think that would be the sequence.

Q And the occasion of your discussing it with Mr. Colborne was getting his approval to leave the province.

A That is correct.

Q Now, what I am wondering, Mr. Orysiuk, is, did Mr. Farkas not read you the letter that you eventually accepted, that's the letter that outlines the terms of the offering by the bank. I'm showing you Exhibit 15.

A Would he have read me all these terms?

Q Well, it's only two paragraphs.

A Yes, but is that the question?

Q Yes.

A No, I don't think so. This is dated August the 15th and his telephone call was before then to come down to Montreal at that time. So, consequently when he phoned me what I recall is that there was a couple of million dollars available from this bank and to come down and discuss it. Now, whether we discussed the terms of it and the whole works, I can't remember, the specifics of the discussion, but those were the general points of discussion.

Q You don't think he was in possession of Exhibit 15 when he spoke to you on the telephone?

A I don't think so, no.

Q I see.

1-JW-4

B.R. Orysiuk - McLennan Ex.

THE COMMISSIONER: I thought you were asking him about when he was down there if he read him the document.

MR. McLENNAN: No, sir, I was asking him whether or not when Mr. Farkas phoned and said, come on down to Montreal, whether Mr. Farkas advised him of the terms upon which the Main Bontal Bank was prepared to lend money.

Q MR. McLENNAN: Now, Mr. Orysiuk, I am advised by Mr. Emmelkamp that his recollection is that A for Identification, which is entitled Underwriting Offering, were the documents -- that is two pages -- that Mr. Farkas presented you with when you were in Montreal. You don't have any recollection of having seen those when you were in Montreal?

A No, I would have seen that other copy. Whether this was with it I can't remember specifically, but the other document certainly was.

Q That is the document you just looked at, Exhibit 15?

A Yes.

Q Do you recognize the handwriting there?

A No, I don't.

Q It's not yours?

A No, sir.

Q Do you recognize the handwriting on the second page?

A That's certainly not mine.

Q I am advised it's Mr. Emmelkamps'.

A It could be.

Q But you don't recognize it?

A I don't recognize it as such.

1-JW-5

B.R. Orysiuk - McLennan Ex.

Q Okay. Now, you were under the impression that the Mark was floating at that time, the Deutschmark.

A Yes.

Q Meaning that the value relative to a dollar varied each day.

A Well, it varied, yes. Whether it was each day or what the time span was ...

Q And that's the impression you got from Mr. Stewart as well?

A Mr. Stewart in Edmonton, you mean?

Q Yes, the Deputy Provincial Treasurer.

A That it was subject to fluctuation, yes.

Q Mr. Orysiuk, anybody with any financial knowledge at all would know that the Mark was fixed in 1969, it wasn't floating.

A Whether floating is the right terminology or not or whether the term reevaluation or the term -- some other terms, I'm not sure of the terminology; but it was my impression that it was either going to be reevaluated or adjusted or we were talking about two different things. We were talking about long-term situations and talking about short-term situations.

Q Well, did you appreciate that that presented, the fact that the Mark might be revalued, presented a hazard that wouldn't exist if you borrowed in the North American market?

A No, I thought that would be to our advantage.

Q All right. Now, when these people, Mr. Farkas and Mr. -- whoever the Main Bontal Bank --

A Yes.

Q -- wanted information about Alberta that you sent them on September 3rd, was it your understanding that they wanted

1-JW-6

B.R. Orysiuk - McLennan Ex.

Q (continued) information in order to assess the risk?

A No, I think they just wanted some general information, as far as I thought.

Q Did you know at that time that you could check with Dun's Reports or Standard & Poors or several other indexes and get a rating so that these people could assess where the government of the Province of Alberta stood in its credit rating?

A No, I didn't know that at the time.

Q And they apparently didn't?

A I don't know if they did or didn't, I think they wanted something from us as I understood it, in writing, and that's what was sent to them.

Q All right. It's clear on September 3rd --

THE COMMISSIONER: Mr. McLennan, this is a matter of ordinary interest. You can walk into any broker's, financial dealer's office in London, England, and he will tell you the standing of a company in Burma; that's common knowledge, everybody knows that.

MR. McLENNAN: I would have thought so, sir.

THE COMMISSIONER: I suppose the Germans are not too stupid either.

Q MR. McLENNAN: On September 3rd, when you sent Exhibit -- at least the original of Exhibit 25 to the Main Bontal Bank --

A M-hm.

1-JW-7

B.R. Orysiuk - McLennan Ex.

Q It's clear that you were of the view then that you had a firm agreement with the bank.

A It appeared that, you know, the confirmation was there. It was a matter of the execution of documents.

Q Yes, but the documents hadn't been executed but the deal had been made.

A Yes.

THE COMMISSIONER: What date is that?

MR. McLENNAN: September 3rd, 1969.

Q MR. McLENNAN: And what happened then between August 19th when you accepted the letter from the Main Bontal Bank and September 3rd when you confirmed that it was a deal?

A Well, that was basically the same information that was contained in here.

Q I realize that, but as I understand your evidence to Mr. Steer, you didn't think when you signed, we hereby accept the above offer, that it was a firm deal.

A At this point?

Q Yes.

A No, no I didn't.

Q Well, what happened --

A Could I see that letter?

Q -- between the 15th of August and the 3rd of September to make it a firm deal?

A I can't remember what would have transpired that -- my interpretation of this letter was that it was a continuation of this report in which we were getting a two point two

1-JW-8

B.R. Orysiuk - McLennan Ex.

A (continued) million dollar Canadian loan, and insofar as confirmation is concerned, it's a confirmation of accepting the terms. Now, the approvals would only come subsequent to the Board meeting and the authority from the Provincial Deputy Treasurer and the Orders-in-Council.

Q Now, that isn't my question. My question is, you said Exhibit 15 as far as you were concerned was an expression of interest by the bank --

A Yes, it was.

Q -- and that you accepted.

A Yes.

Q All right. When you got back home, sometime after that, you wrote a letter and say, we confirm the deal.

A We confirmed to them the acceptance of the rates, etc., but the consummation of the deal can't be done by letter, it has to be done by execution of documents.

Q Well, surely you have to execute the documents but before you go executing documents you find out whether or not you have got a deal with somebody, and then you go and make documents up.

A Yes, that's true.

Q Well, as I understand you, you say on September 3rd you thought you had the deal?

A Insofar as the bank was concerned, yes, and insofar as we were concerned those terms appeared acceptable and they were confirmed by us. Now, they were based on telephone calls from

1-JW-9

B.R. Orysiuk - McLennan Ex.

A (continued) Mr. Farkas asking us to advise the bank accordingly, and the fact that this was going to be continued on to Board meetings and to subsequent approvals.

2-MTH-1

R.B. Orysiuk - McLennan Ex.

Q Well, you don't say anything about board meetings or subsequent approvals in your letter?

A No, there's no reference to that there but it certainly was discussed in a telephone conversation.

Q All I'm asking you, sir, is what happened between the 19th of August, when you accepted the terms in this letter?

A Yes.

Q And the 3rd of September, when you say, we wish to confirm the purchase price of these debentures, etcetera?

A I had discussions with Mr. Farkas.

Q About what?

A About those terms. He had subsequently, as I understand it, gone back to Germany, had discussed those points of interest with them and contacted me on return.

Q I don't know what there was to discuss. You accepted the identical thing on September 3rd that you accepted on August 19th so what discussions were there between those two dates?

A Well, at that point in time that was an expression of interest from us and whether the bank would hold those monies at that rate.

Q Mr. Farkas subsequently communicated to you, that is sometime after August 19th?

A Yes.

Q That they would?

A Yes.

Q And so you wrote the letter of September 3rd?

A Yes.

2-MTH-2

R.B. Orysiuk - McLennan Ex.

Q Was there a number of telephone conversations between you and Mr. Farkas between those two dates?

A I can't remember how many but there must have been a couple at least.

Q Between those two dates, did you discuss the terms you were trying to get the bank to confirm, with any member of the Board of Alberta Housing Corporation or with the Minister of Municipal Affairs?

A I can't remember discussing it, no.

Q Or the Provincial Treasurer or his deputy?

A No, sir.

Q Now, isn't it standard, Mr. Orysiuk, for, if you were going to get a guarantee signed by Mr. Stewart or you were going to get Mr. Morrison to sign the debenture itself, that you would put a memorandum, inter-office memorandum out saying, here's the deal I've talked to you about; here are the terms?

A Not necessarily.

Q Please sign it and return it?

A Not necessarily. We have had numerous discussions on many projects which related only to, on the basis of discussions only.

Q I take it you took this by hand to Mr. Morrison for his signature or Mr. Colborne, Mr. Morrison, I think?

A Yes, it would have been, yes.

Q You would have taken it by hand to him?

A Yes.

Q And similarly with Mr. Stewart, you would have taken it to the

2-MTH-3

R.B. Orysiuk - McLennan Ex.

Q (continued) deputy?

A That's right, that's right.

Q Provincial Treasurer and waited for him to sign it?

A Well, yes, if he would have signed it that date, yes.

Q Were you under the impression that some benefit could be obtained if the Deutsche mark rose in value, relative to the dollar?

A Initially, yes, because if we took it at a certain rate and the value of the Deutsche mark went up, then there would have been a benefit to us if we didn't take the money out; that's the way I understood it.

Q That's right.

A But on the long term, from my interpretation, it was going to drop and our repayment would be decreased by the dropping of the value of the Deutsche mark.

Q Who told you the Deutsche mark would drop?

A Mr. Farkas.

Q Anybody else?

A No, I don't think so.

Q Have you ever been to Germany or Switzerland?

A Never.

MR. McLENNAN: I think that's all the questions I have, sir.

THE COMMISSIONER: I think there is one final question, Mr. Steer --

MR. STEER: I'm having difficulty hearing you, sir.

R.B. Orysiuk - Steer Ex.

THE COMMISSIONER:

There is one general question, I think should be placed on the record as far as this investigation and that is: did the witness obtain any favours or money or anything else in connection with this transaction? I'm not meaning to be insulting about it, it's just generally that I would like to have this spoken.

A Yes. No, I did not at any time receive any benefit or consideration.

THE COMMISSIONER:

I didn't think you did but I just wanted to have it clear that there was no kick-back from the bank or something like that.

A No, sir.

THE COMMISSIONER:

Mr. Farkas, as a matter of fact, didn't receive any money either, did he?

A If he didn't that was his problem.

THE COMMISSIONER:

I know it was.

MR. STEER:

I have one or two questions, sir.

MR. STEER EXAMINES THE WITNESS:

Q Mr. Orysiuk, you told my friend that you were under the impression that borrowing in Germany was to our advantage?

A Yes, sir.

Q And we're clear that you had numerous discussions with this gentleman, Mr. Farkas?

A Yes, sir.

Q About what was going to happen with regard to this loan, is that right?

2-MTH-5

R.B. Orysiuk - Steer Ex.

A Yes, in respect of the German funding, yes.

Q And other than the information you obtained, whatever it may have been, in these negotiations, you had never before had any experience with this kind of a transaction where foreign funds are involved?

A No, sir.

Q Now, after you signed Exhibit 15, the document my friend has shown you on several occasions --

THE CLERK: Here is 15, sir.

Q MR. STEER: That's the one I'm thinking of?

A Yes, sir.

Q And you had to come back to Edmonton?

A Yes, sir.

Q After that. Did you understand or was it your intention to present the matter to the Board?

A Yes, sir.

Q Was it your intention that you would have to get the formal documents signed by the various authorities in the Government that would have to sign them?

A Yes, sir.

Q What was your view as to what would happen in the event the Board said, no, we don't want this transaction or Mr. Stewart had said, no, I'm not prepared to recommend the guarantee?

A Then the whole negotiations would have been voided.

MR. STEER: Thank you, sir. I think that's all I have.

THE COMMISSIONER: Anybody else want to question further?

2-MTH-6

J.G. Smith - McLennan Ex.

THE COMMISSIONER: (continued) All right, Mr. McLennan, the next witness.

(Witness retires.)

MR. McLENNAN: Mr. Emmelkamp.

MR. STEER: My Lord, could I have one moment while the witness is being sworn? There's no need for an adjournment, sir.

THE COMMISSIONER: Oh, all right.

MR. McLENNAN: I think I'll maybe go ahead with the banker, sir, instead of Mr. Emmelkamp - he'll be shorter. Mr. Smith.

THE COMMISSIONER: This is not the gentleman you had the other day.

JAMES GORDON SMITH, sworn, examined by Mr. McLennan:

Q Mr. Smith, you are a bank manager?

A Yes.

Q Which bank?

A Bank of Nova Scotia, Jasper Avenue and 115th Street.

Q And how long have you been manager of that branch?

A Ten years minus two months.

THE COMMISSIONER: Which branch is it, I'm sorry?

A Bank of Nova Scotia, Jasper Avenue and 115th Street.

THE COMMISSIONER: Jasper Avenue and what street?

A And 115th Street, sir.

Q MR. McLENNAN: And you had an account there for Mr. Orysiuk?

A Yes, I did, sir.

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J.G. Smith - McLennan Ex.

Q And also for Perma Developments Limited?

A That's right.

Q And I understand that Perma Developments Limited built an apartment house in Inuvik and that you financed that project?

A I provided the initial loan to purchase the land following which I provided the interim financing pending receipt of mortgage funds.

Q And was it apparent to you that no equity investment was necessary by the principals?

A There was no equity investment whatsoever. The loan was extended by the bank to the company against the endorsement of four principals.

Q And you took personal guarantees from the principals?

A No, I did not. The endorsement is just as good.

Q You took endorsements on the note?

A Endorsements on the note.

Q The money was loaned by the bank to Perma --

A --- Development Company bearing the endorsements of the four principals.

Q And in that connection, did you take a - did you make any inquiries of Mr. Orysiuk as to his work?

A When negotiations opened up for the loan, it was by Mike Collins and John Collins, a man that we had considerable years of experience with and there was another gentleman involved, it was a chartered accountant. Either one of them would have qualified for the loan in their own rights.

Q So you weren't apprehensive about who you were dealing with

J.G. Smith - McLennan Ex.

Q (continued) because of your knowledge of the Collins --
A -- and the knowledge of the project.

Q And did you subsequently take any sort of net worth statement or make inquiries of Mr. Orysiuk as to what his assets were?

A Yes, that's necessary in our bank due to the size of the loan and that, even though there was no equity position in the company, you have to have, we are required to have personal statements of the endorsers; similarly we would if they were guaranteeing - one's the same as the other.

THE COMMISSIONER: What was the date of this, did you place that?

Q MR. McLENNAN: No, I haven't. When was this loan made and these enquiries of Mr. Orysiuk?

A June of '72. The opening loan was \$35,000 to purchase the two acres in Inuvik.

Q When were your enquiries of Mr. Orysiuk?

A Right at the same time. We had to have the statement on file.

Q What were you advised as to Mr. Orysiuk's assets?

A I have a photograph copy of the statement furnished under the signature of Mr. Orysiuk. May I present this to you?

Q Yes.

A This is the original which I possess. This is a true photographic copy. Do you wish to retain this?

MR. McLENNAN: Are you satisfied with the Xerox copy being marked, Mr. Steer?

MR. STEER: The banker has told us it's a photocopy of the original document. I'm satisfied.

J.G. Smith - McLennan Ex.

MR. McLENNAN: Might that be marked?

THE CLERK: 26, sir.

THE COMMISSIONER: 26.

NET WORTH STATEMENT MARKED EXHIBIT
26.

Q MR. McLENNAN: Now, this document is signed by
Mr. Orysiuk?

A That's right, sir.

Q And by yourself?

A Well, yes, when that is submitted to my regional office.

Q And at that time, would you tell the Court what assets Mr.
Orysiuk indicated he owned?

A Real estate shows a twenty suite apartment block located at
12414 - 114th Avenue; stated value of \$275,000 and taxes were
presumably paid to date. The property was stated to be
registered in the name of B.R. Orysiuk. Lake lot --

THE COMMISSIONER: -- just a second. I'm having
trouble following that. What was that?

A Twenty suite apartment block.

THE COMMISSIONER: Yes.

A Present value \$275,000.

THE COMMISSIONER: That's not a net value though, is it?

A That's the current value at the time not net. There's a
mortgage encumbrance.

THE COMMISSIONER: That's what I meant.

A Against this property, there's a mortgage encumbrance as
stated \$237,000. There's a clear title property, lake lot at
Lac Ste. Anne, valued by Mr. Orysiuk at \$1,000. He stated that

A (continued) he had clear title to this property. On the statement that we provide our bank, we do not show as an asset equity in real estate because of the joint ownership but we take this information down. He stated that he owns his residence valued at \$53,000 upon which there was an outstanding mortgage of \$20,000. The property, as stated, was registered jointly with his wife. We don't include this down in our bank as an asset so as previously mentioned, the real estate has transcribed to our statement of assets and liabilities - real estate \$276,000 as an asset and the liability side, the mortgage encumbrance of \$237,000.

THE COMMISSIONER: Is that additional real estate that you're talking about?

MR. McLENNAN: No, sir, that's the same twenty suite block.

A I'm just relating, sir, that we do not include in the assets and liabilities, the residence, unless the wife was to sign on the note and then we would transcribe that to the assets and liabilities.

The next asset was a 10% equity in seventy acres in Victoria, British Columbia. Our customer valued that at \$10,000.

Q MR. McLENNAN: Did you make any further enquiries about that?

A No, I didn't due to the strength of the other three people who were endorsing the obligation to us. If there had been personal borrowings in his name, I certainly would have

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J.G. Smith - McLennan Ex.

A (continued) investigated that.

The next asset consists of two cars, a 1970 Camero and a 1972 Cadillac valued at \$15,500.

The next asset stated, cash on hand and on deposit in the Canadian Imperial Bank of Commerce \$15,000. Respectively, the total assets \$316,500. We go to the liabilities side and as mentioned before, there's a mortgage encumbrance on the apartments \$237,000. Our customer, at the date of statement stated that he owed the Canadian Imperial Bank of Commerce \$4,000 personal loan. Deducting the liabilities, this reveals a net worth of \$75,500 not including equity in real estate.

This statement was taken on June 19th, signed by Mr. Orysiuk and was taken in connection with his endorsing a loan of \$35,000 along with three other principals involved in Perma Development Corporation.

THE COMMISSIONER: No statement there about accounts receivable?

A No accounts receivable stated.

Q MR. McLENNAN: Mr. Smith, you've got an endorsation on the bottom of your statement of affairs which says: "Very favourably recommended to us. As we develop the connection, we fully expect to obtain all of Mr. Orysiuk's banking business from the C.I.B.C. as well as a share of the corporation's banking."?

A That is a report that I put, that's in confidence, that I send to the general manager of our bank in Calgary. Mr. Orysiuk was

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J.G. Smith - McLennan Ex.

A (continued) favourably introduced to me. He held a very responsible position. He stated that he's been with the Alberta Housing Corporation for eighteen years and for that reason as you, when you meet a person like this, you're always, as a banker, looking for new business and meeting him and that, I thought would be very beneficial to us and if we could get inroads into getting some Government business, so much --

Q So much better for the Bank of Nova Scotia?

A Yes.

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J. G. Smith - McLennan Ex.

Q Mr. Smith, was there indication to you that you might be able to look after Alberta Housing Corporation's banking?

A This was verbal. He stated that he wasn't too happy with the Canadian Imperial Bank of Commerce and when this was mentioned I stated that we most certainly at our bank look into any opportunities that come our way. Nothing transpired.

THE COMMISSIONER: Every bank would expect to get somebody else's business if they could.

A Certainly, that is the name of the game.

THE COMMISSIONER: Nothing wrong with that.

MR. McLENNAN: That is all the questions I have, thank you. Mr. Steer might want to ask you some questions.

MR. STEER: I have no questions to ask the witness, sir.

MR. REDMOND: Nothing, sir.

MR. STEVENSON: No questions, sir.

THE COMMISSIONER: I am sure the Bank of Commerce would now like to take you out to lunch.

(Witness retires.)

MR. EDWARDS: My Lord, my name is Glyn Edwards, I am appearing on behalf of this bank today and I am sorry but I was out of the courtroom when you made some observations about a request for an order, and I believe --

THE COMMISSIONER: I don't know whether he made a request for an order or not.

MR. EDWARDS: Well, My Lord, I had, and I thought my friend had agreed to it.

- THE COMMISSIONER: Agreed to what?
- MR. EDWARDS: An order under Section 41 (6) of the Evidence Act, the Alberta Evidence Act.
- THE COMMISSIONER: Yes, but why do you require an order under 41 (6)?
- MR. EDWARDS: I am sorry, sir, 41 (5). Sir, this is a procedure that is followed in the most recent inquiry that was just held before this and I --
- THE COMMISSIONER: Well that may well be but what about this inquiry?
- MR. EDWARDS: Well, sir, as I understand it there is a request for books of records, there is testimony based on these books of records.
- THE COMMISSIONER: Yes, but if you read Section 41 (5) and I am sure you have, it provides that if you want copies of records, or records, you have to get an order; but that is not what we are talking about here.
- MR. EDWARDS: Sir, 41 (5) goes on to say that the bank officer is not compellable in a legal proceeding to --
- THE COMMISSIONER: To do what, to produce records --
- MR. EDWARDS: Or to appear as a witness.
- THE COMMISSIONER: No, no, it doesn't say he can't appear as a witness, he is not compellable to give these copies of documents.
- MR. EDWARDS: My Lord, all --
- THE COMMISSIONER: Or to put in the documents.

MR. EDWARDS: My friend might have some observations here but I understand some documents will be required for this hearing.

MR. McLENNAN: Well I think we have already put in -- did we put in those net worth savings, or not?

THE COMMISSIONER: Yes.

MR. McLENNAN: So there are some documents in, My Lord, already.

THE COMMISSIONER: Well you can't take them back.

MR. EDWARDS: If you would like, sir, I have the Alberta Evidence Act --

THE COMMISSIONER: I know it off by heart.

MR. EDWARDS: I want you to understand, My Lord, we are here very willingly to give this information.

THE COMMISSIONER: Yes.

MR. EDWARDS: But as you will appreciate, insofar as a bank and a client is concerned there is a duty of confidentiality and for this reason the legislature, and the courts, have traditionally given this protection to banks to protect the banks.

THE COMMISSIONER: If the information desired comes within that section.

MR. EDWARDS: My Lord, I can only go on to 5(b) which says --

THE COMMISSIONER: There is evidence before us now, Mr. Edwards, that this gentleman went to a bank, as an officer of the Alberta Housing, to your bank.

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MR. EDWARDS: Sir, we have the consent of Alberta Housing Corporation to the production of the documents.

THE COMMISSIONER: Well then what are we bothering about?

MR. EDWARDS: My Lord, there are two other accounts here, there is Mr. Orysiuk's personal account and Robco Investments.

THE COMMISSIONER: Well hasn't Mr. Redmond consented -- oh no, he is not in this at all.

MR. EDWARDS: Well I believe Mr. Achtem is involved in Robco, My Lord, this is my understanding.

MR. REDMOND: I have said, sir, that to the extent that Mr. Achtem is a shareholder of Robco that we haven't raised any objection on behalf of Mr. Achtem.

THE COMMISSIONER: Mr. Steer said on behalf of Mr. Orysiuk, that he had no objections.

MR. STEER: My instructions are clear, sir, and I stated them earlier.

MR. EDWARDS: Do I have their consents to the production of the records?

THE COMMISSIONER: They have already said that.

MR. EDWARDS: They say, no objections, sir, do they consent?

MR. STEER: I will state it again. I have been instructed by Mr. Orysiuk not to take any technical objection with regard to the documents, from, and I have

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R. C. Garossino - McLennan Ex.

MR. STEER: (Cont.) forgotten the name of the bank.

MR. EDWARDS: Canadian Imperial Bank of Commerce.

MR. STEER: Canadian Imperial Bank of Commerce.

THE COMMISSIONER: Are you happy now Mr. Edwards?

MR. EDWARDS: Sir, I would like the same statement --

THE COMMISSIONER: Well that is what Mr. Steer says, Mr. Steer is acting for him personally.

MR. EDWARDS: And the other one, sir, is Robco.

THE COMMISSIONER: Well Mr. Redmond has endeavoured to make it clear that as far as Mr. Achtem is concerned, being one of the shareholders, he has no objections.

MR. STEER: That applies to Robco, sir.

THE COMMISSIONER: Now then can we get on with the business?

RICHARD CHARLES GAROSSINO, recalled under his former oath, examined by Mr. McLennan:

Q Mr. Garossino, you have already been sworn?

A Yes.

Q And you are the manager of the Canadian Imperial Bank of Commerce on 118th Avenue and 124th Street?

THE COMMISSIONER: Let me get his name again, it is some pages back.

A I was.

Q MR. McLENNAN: And during what period of time were you the manager of that branch?

A Well I think May, 1969 to February, 1973, approximately.

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R. C. Garossino - McLennan Ex.

Q And during that period of time you were, you had an account with your branch for Alberta Housing Corporation?

A Yes.

Q And with Mr. Robert Orysiuk?

A At some time in there, yes.

Q Yes, and Robco Investments Limited?

A Yes.

Q And Robco Investments Limited was Mr. Orysiuk and Mr. Achtem, they were the principals?

A There is some hesitation on my part because I would have to look at my folders, but --

Q Well go ahead.

A Mr. Orysiuk was a shareholder in Robco, yes.

Q But you knew, did you not, that aside from who appeared to be the shareholders that the principals of the company were Mr. Orysiuk and Mr. Achtem?

A I think so.

Q And in that connection did you take a net worth statement from Mr. Achtem?

A Yes.

Q Would you produce that, please?

A Yes.

Q Is that signed by Mr. Achtem?

A Yes.

Q Is the information on it information that you acquired from Mr. Achtem?

A Yes.

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R. C. Garossino - McLennan Ex.

Q Might that be marked, sir?

THE COMMISSIONER: Well we are not interested in Mr. Achtem's affairs, whether he made some money last year in the law business we don't care about that, do we?

MR. McLENNAN: I don't think so, sir, no.

THE COMMISSIONER: I don't think one should expose his personal fortune, except in connection with this transaction. However do what you want. I certainly will not mention it, put it that way.

MR. McLENNAN: I don't intend to make a great deal out of it, sir, but it does deal with commissions owing.

THE COMMISSIONER: Well it may be important, and the obligations to Mr. Orysiuk.

MR. REDMOND: It might be, sir, that the same information could be elicited by questions rather than by filing the document, if that would solve the problem.

THE COMMISSIONER: Yes, I don't think it is any of our business, in this commission, to find out the net worth of Mr. Achtem, that is all, just to be fair about it.

MR. McLENNAN: It is not, sir, the net worth, I don't think that the net worth is relevant either.

THE COMMISSIONER: I don't think so.

MR. McLENNAN: And I can obtain the same information from Mr. Achtem when he gives evidence.

THE COMMISSIONER: I am not stopping you but I don't think we should go too deeply into someone's personal

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R. C. Garossino - McLennan Ex.

THE COMMISSIONER: (Cont.) affairs, if it is not relevant.

MR. McLENNAN: Fine, sir, I will obtain that evidence, at least the portions of that statement that I require from Mr. Achtem, and we won't put in the statement.

THE COMMISSIONER: Well if you want to hold the statement for a reference, you can hold it. You can't hold it, this man has got it.

MR. McLENNAN: Well we can obtain it later if it is necessary, sir.

THE COMMISSIONER: Yes sir.

Q MR. McLENNAN: Mr. Garossino, you prepared from time to time reports to your regional office with respect to both the Orysiuk account and the Robco account?

A Our normal -- what you are referring to I don't correctly know, are you referring to credit communications or authorizations or what?

Q Yes, credit communications?

A Yes, that is the normal process.

Q Would you produce those, please?

A Of which?

Q The Robco file. I am referring you to the report of July 30th, 1971, from yourself to the Regional General Manager in Calgary?

A Yes.

Q It says in part: Mr. Orysiuk will be the contractor, and you are referring to the 20 suite apartment block?

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R. C. Garossino - McLennan Ex.

A Yes.

Q And will obtain firm bids from the major subcontractors, and as we said previously he is well known in the construction industry because of his position with Alberta Housing Corporation, which firm sends out for tender jobs of several millions of dollars each year to the construction trade?

A Yes.

Q Where did you acquire that information?

A From my knowledge of the corporation.

Q And where did you acquire the information that Mr. Orysiuk would act as his own general contractor?

A From Mr. Orysiuk.

Q Now, Mr. Orysiuk, on more than one occasion indicated that he had accounts receivable from one source or another, do you recall that, Mr. Garossino?

A It could have appeared on one or more of his statements. I recall something coming up here about that, yes.

Q Did you make inquiries as to what these receivables related to?

A Yes, I would have to because in the normal course of banking it could very well be the source of repayment of loans and therefore a bank manager would inquire about what the receivables were.

Q Aside from what a bank manager would do, did you make inquiries?

A Yes.

Q What were you advised as to the receivables that Mr. Orysiuk

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R. C. Garossino - McLennan Ex.

Q (Cont.) was expecting?

A If I might have the statement to which you are referring I might more properly answer the question.

Q I am showing you the statement of September 15th, 1972, indicating a receivable of \$30,000.00, June 15th, '71, indicating a trust account amount of twenty-eight thousand, July 23rd, 1969 indicating a receivable of ten thousand.

A Well shall I start with this one and work down?

Q Sure.

A Well on the statement of September 15th, 1972 there was simply the words, accounts receivable, here, whereas it appeared on June 15th, 1971 statement as being in a trust account or something.

Q Yes?

A So there isn't anything on the September 15th, 1972 statement under accounts receivable.

Q No, but did you make inquiries as to what these funds were, and why he was getting them?

A Well I probably would have, yes.

Q Do you recall the answers that you received?

A I don't in this particular statement of September 15th, 1972, no.

Q All right. What about the one of June 15th, 1971?

A The statement of June 15th, 1971, says, trust account, you are referring to this?

Q Yes?

A It says, cash trust account. Yes, I did make inquiries

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R. C. Garossino - McLennan Ex.

A (Cont.) about it.

Q And what were you advised?

A I was advised by Mr. Orysiuk that Ed Achtem would be able to answer my questions in this matter.

THE COMMISSIONER: I am sorry, it is a little difficult for me to hear you.

A Shall I turn this way sir?

THE COMMISSIONER: If you don't mind.

A I was advised on this statement of June 15th, 1971, wherein there is an item on this statement saying, cash trust account, \$28,000.00, that Mr. Ed Achtem would be able to answer my questions concerning this matter.

Q MR. McLENNAN: Well did you try and get an answer from Mr. Achtem?

A Yes I did.

Q How did you make out?

A Well to the best of my recollection Mr. Achtem did say that he had some funds in trust for Mr. Orysiuk.

THE COMMISSIONER: Did say?

A Yes.

2-JW-1

R.C. Garossino - McLennan Ex.

Q Is that the extent of the information you got about the trust funds?

A Yes, I don't recall there being any specifics. When I asked from what source and so forth and so on, I don't think I got that information.

Q All right. Now --

A In fact I'm sure I didn't get the information.

Q Dealing with the July 23rd, 1969 statement, there is an item, accounts receivable \$10,000, finders' fees, prep. prelim. plans, etc., Letourneau Homes.

A Yes.

Q Is that your writing?

A That's my writing.

Q And do you remember what Mr. Orysiuk told you about that \$10,000?

A Well, there are a number of things here which he must have told me. Finders' fees or preparation of preliminary plans and Letourneau Homes, so whether or not this was all finders' fees or all preparatory for Letourneau Homes or whatever it was, that much Mr. Orysiuk told me, yes.

THE COMMISSIONER: That is was owing by Letourneau Homes, I gather?

A That's what I'm trying to make clear. I don't know that all of this -- he did say there were finders' fees and preparation of preliminary plans, etc.; and the way it was put to me by Mr. Orysiuk I wasn't sure whether it was all or part or the

2-JW-2

R.C. Garossino - McLennan Ex.

A (continued) major portion or whatever, but Letourneau Homes was mentioned, yes.

THE COMMISSIONER: And \$10,000 --

A And \$10,000 was mentioned, yes.

Q MR. McLENNAN: Do you recall any of the discussion as to how the finders' fees got earned or from whom they were going to come?

A Well, I recall -- I asked him where, you know, where these funds were -- Letourneau Homes here in Edmonton or where. During the course of conversation he did say that it was for some work he had done at Drumheller or something like that. Part of it was such, some work he had done at Drumheller but apart from that I don't know anything else he said.

Q All right. Now, were you advised at any time that the Corporation was going to make a loan in Switzerland or in Europe?

A Not to the best of my knowledge.

Q Were you ever advised that the Corporation expected \$2 million via Switzerland which would be deposited in the Corporation account?

A Yes.

Q Could you determine the date you were advised of that?

A That's a pretty tough --

Q It's in one of your reports.

A Well, maybe you know more about it than I do, but where will we find it.

Q I am referring you to page 2 of your report to the Regional

Q (continued) General Manager of July 23rd, 1969, and I direct your attention to the second last paragraph which reads:

We are confidentially informed that the Corporation plans to obtain \$2 million via Switzerland shortly for urban development, and these funds will be on deposit here in current account.

It goes on:

And other deposit instruments pending completion of plans, construction and ultimate disbursement.

Do you know when you received that information and from whom you received it?

A I don't know when I received it but this is dated -- my communication is dated July 23rd, '69. I would have received it from Mr. Orysiuk, likely.

Q All right. Up until that time can you recall any requests by Mr. Orysiuk of you or of your superiors for a loan of that magnitude?

A I don't recall any conversation about a loan prior to that. I am not, however, saying that there were not any such conversations, but between myself as the Branch Manager and Mr. Orysiuk, I don't recall there having been any.

Q Well, is it a ^{big} pretty/deal at 124th Street and 118th Avenue if somebody wants to borrow a couple of million dollars?

A I would say so.

2-JW-4

R.C. Garossino - McLennan Ex.

THE COMMISSIONER: Well, he says he was told this money was coming from somewhere else so it wouldn't seem too reasonable that he was asked for a loan, except maybe prior to that sometime.

MR. McLENNAN: That's what I want to establish, sir.

Q MR. McLENNAN: Were you ever consulted in 1969 about Alberta Housing Corporation's needs for a \$2 million loan?

A No.

Q And if Mr. Orysiuk or anybody else with Alberta Housing Corporation had contacted your regional office in Calgary or the mortgage division of the bank, is that something you would have expected would come back to your attention?

A It normally would.

Q And did you receive any such advice from those sources?

A No.

MR. McLENNAN: I wonder if we could have a brief adjournment now, sir.

(Hearing adjourned at 11:04 and resumed at 11:20 a.m.)

Q MR. McLENNAN: Mr. Garossino, we have heard some evidence that there was a meeting with -- do you have a Mr. Beach in your organization?

A Yes.

Q And what's his title and the area of responsibility?

A I think his approximate title would be Western Regional Manager

2-JW-5

R.C. Garossino - McLennan Ex.

A (continued) for Kin Ross Mortgage Corporation.

Q And do you recall any meeting with yourself --

THE COMMISSIONER: What has Mr. Beach got to do with the bank, is Kin Ross your corporation, your subsidiary?

A Yes, it is.

Q MR. McLENNAN: And do you recall a meeting with yourself, Mr. Beach, and Mr. Orysiuk, in 1969 with regard to a proposed borrowing by Alberta Housing Corporation?

A Not in 1969.

Q There was a meeting subsequent to that?

A Yes, there was.

Q What year would that be?

A 1970.

Q And did the bank accommodate Alberta Housing Corporation in 1970?

A Yes. What do you mean -- wait a minute, I'm sorry.

Q Did you grant Alberta Housing Corporation a loan in 1970?

THE COMMISSIONER: Or this other corporation, this subsidiary one.

Q Yes, when I say you, I mean either the Canadian Imperial Bank of Commerce or Kin Ross.

A Did we grant a loan to the Corporation in 1970, is that your question?

Q Yes.

Q I'm sorry to be looking at all this but I don't recall whether it was 1969 or 1970.

2-JW-6

R.C. Garossino - McLennan Ex.

THE COMMISSIONER: That's all right, take your time.

A I have here a document which indicates there were no loans during 1970.

Q Was there in '71?

A Yes.

Q How much?

A Well, we have an authorization from the bank to loan up to \$5 million to the Corporation in 1971.

Q All right.

A July 28th or --

Q Now, were there any requests by Mr. Orysiuk or anybody at Alberta Housing Corporation in 1970 for a similar arrangement?

A I can't answer that because I just don't know. There were so many financial transactions. The Alberta Housing Corporation, as you know and as the Inquiry knows, is a large corporation and it was dealing in many things associated with the Provincial Government, etc. There could have been, I don't know.

Q Well, did you turn down Alberta Housing Corporation for any applications for credit?

A There was one meeting at the regional office to which you referred earlier --

Q That's the meeting in 1970?

A Yes. At which several of our bank officials, myself, Mr. Orysiuk, Mr. McColl, were present.

That meeting, as I recall it, was to do with providing or with administering the mortgage

2-JW-7

R.C. Garossino - McLennan Ex.

A (continued) portfolio, providing the money for the mortgage portfolio under a guarantee by the Corporation. In other words if the Corporation had an avenue to build a house somewhere in some outlying spot, then the deal was that the banks were approached to supply the funds for that. But at this meeting a number of matters came up, at what point the guarantee of the Province, if it were forthcoming, would come, at what point would the bank get into the picture and out of the picture, and at what costs, and at what interest rates; and that we were not too anxious really in becoming involved in a situation which may not be profitable at that time. Those were discussed.

Q Yes.

A There was no formal yes or no; there was a discussion at that time.

Q In the nature of an exploratory discussion?

A Yes.

Q All right. Now, you are satisfied that that was not in 1969?

A I am satisfied that was not in 1969.

Q All right. And had Mr. Orysiuk or anyone with Alberta Housing Corporation indicated to you in the spring or summer or fall of 1969 that they wanted to borrow \$2 million and the Province would guarantee it, is that something you would have explored?

A Yes.

Q Would that be good business for the bank potentially?

A Yes.

2-JW-8

R.C. Garossino - McLennan Ex.

Q All right. Now, I understand that you are now, and have been for five years, buying Deutschmarks and sending them to Germany in satisfaction of the interest payments that come due monthly on the Main Bontal Bank loan?

A Yes.

Q Can you tell me what amount of dollars it now takes to pay the interest payments on that loan?

A Well, the last remittance which the bank made on behalf of the Corporation to Germany that I have at my disposal, was April the 11th, 1974. The rate which we obtained from our International Department was -- the Deutschmark equals .3836 Canadian Dollars. In other words, ordinary terms, a little better than 38 cents, and the total remittance came to 64,813.36.

Q Dollars?

A I'm sorry, that's wrong, that's the Deutschmarks.

Q 64,000 Deutschmarks?

A Yes.

Q How many dollars is that?

A \$24,862.40. That includes some of the bank charges, I haven't got those; certain charges that are made for the wires and this and that.

Q All right. Can you tell me how many dollars were necessary in 1969 to pay a month's interest?

A I have a quotation dated -- there was a remittance, rather, on November the 17th, 1969, at which the rate quoted by our International Department and charged to the Corporation in the

2-JW-9

R.C. Garossino - McLennan Ex.

A (continued) normal course of business was .2924.

Q Yes.

A Dollars Canadian 18,957.94 including --

THE COMMISSIONER: I'm a little bit hazy. You weren't making a remittance in 1969, were you?

A Yes.

MR. McLENNAN: In November, sir. Monthly payment immediately.

THE COMMISSIONER: Oh, there was a payment, I see.

A Yes.

Q MR. McLENNAN: So, if we drop the hundreds of dollars, in 1969 it took \$18,000 Canadian to make a payment of one month's interest on this loan.

A Yes.

Q It now takes \$24,000 to make one month's interest payment?

A That's correct.

THE COMMISSIONER: The same amount of interest?

MR. McLENNAN: The same amount of interest; the same rate of interest.

THE COMMISSIONER: I take it the loan was not paid off; the principal was always the same, wasn't it, or do you know?

A I don't know, all I know is that -- well, I'll clear that up if you want me to.

MR. McLENNAN: You can see the instrument yourself. My Lord, it only calls for interest payments. The principal is paid at the end of the term.

2-JW-10

R.C. Garossino - McLennan Ex.
- Steer Ex.

THE COMMISSIONER:

I haven't inspected it.

MR. McLENNAN:

That's all my questions, Mr.

Garossino. Thank you.

Would you answer Mr. Steer if he
has any questions.

THE COMMISSIONER:

Mr. Steer.

MR. STEER EXAMINES THE WITNESS:

Q Mr. Garossino, if you are borrowing foreign exchange and it's expected to rise, that is if you have to pay it back in foreign money, it's possible to hedge, isn't it. It's possible to go and buy their currency and let it rise and you have then protected yourself against the change, haven't you?

A It is possible to hedge against rises in currencies, yes.

Q And you either hedge against it or you take a choice and gamble whether it's going to go down, is that right?

A That could happen.

Q Yes. Now, with regard to a comment which appeared on one of your reports to the bank, it related to Robco Investments, and you said that Mr. Orysiuk would be his own general contractor. Do you recall that?

A Yes.

Q Yes. Now, I take it that with regard to the rest of that comment you were indicating to your superiors that Mr. Orysiuk had the ability to do the job as a general contractor because he was -- he had this experience, is that correct?

A Yes, I think he was in the position to have, yes.

MR. STEER:

MR. REDMOND EXAMINES THE WITNESS:

A Yes, sir.

A I think there may have been if Mr. Orysiuk said it was from the sale of land or whatever he said. I don't know what he said; I may have said, did this come from this or did it come from that, I don't know.

A And the amount, yes.

MR. REDMOND: Yes, thank you.

MR. STEVENSON: No questions.

MR. McLENNAN: There is one further thing I would
like to ask.

2-JW-12

R.C. Garossino - McLennan Ex.

E.B. Emmelkamp - McLennan Ex.

MR. McLENNAN EXAMINES THE WITNESS:

Q Mr. Garossino, when you learned of the terms of the Main Bontal Bank loan, did you get any feed-back at all from your regional office about that loan?

A I got some wonderment.

THE COMMISSIONER: Pardon?

A I got some wonderment, some questioning about why --

THE COMMISSIONER: Why you passed it up?

A Why I didn't get in there, right.

MR. McLENNAN: Okay, thank you.

A Not officially, but unofficially.

MR. McLENNAN: Yes.

Might the witness be excused, My

Lord.

THE COMMISSIONER: Yes, thank you very much.

(Witness retires).

MR. McLENNAN: Mr. Emmelkamp.

EVERETT BERREND EMMELKAMP, sworn, examined by Mr. McLennan:

Q Mr. Emmelkamp, you are an employee of Alberta Housing Corporation?

A Yes, I am.

Q And how long have you been an employee of that body or its predecessor?

3-MTH-1

E.B. Emmelkamp - McLennan Ex.

A Since January 15th, 1969.

Q And prior to that, were you employed with the Government?

A I was employed with the Provincial Auditor's Office.

Q And in what capacity?

A Just what you would call disbursement auditor, accountant.

I was an accountant with the Provincial Auditor's Office.

Q And what was your title when you arrived at Alberta Housing and Renewal Corporation?

A Accountant.

Q And how many employees were there when you got there?

A I don't know offhand, about a dozen. That's in January, that is.

THE COMMISSIONER: How many, did he say?

Q MR. McLENNAN: About a dozen?

A About a dozen.

Q And what's your title now?

A Chief Accountant.

Q And have you gone through your records in an effort to determine how many sales or purchases were made by the Corporation prior to September 12th, 1969?

A Yes, I have.

Q And how many were made?

A Eleven by Mr. Achtem and eleven by Clement Parlee - one by Clement Parlee and eleven by Mr. Achtem.

Q Now, have you got a list, a schedule of the --

THE COMMISSIONER: -- ask him what date. I'm not getting all this. I can't hear him.

3-MTH-2

E.B. Emmelkamp - McLennan Ex.

Q MR. McLENNAN: That's September 12th, 1969, sir.
Is that right, Mr. Emmelkamp?

A Yes.

Q Have you got a list of the purchases made by Mr. Achtem by that date?

A Yes, I have.

Q Would you produce them, please?

Well, I'm afraid you're going to have to explain that to me. Which ones were acquired before September 12th?

A Before or September the 12th and before?

Q September 12th and before?

A Mr. Chimera's property.

THE COURT REPORTER: Pardon?

Q MR. McLENNAN: C-h-i-m-e-r-a. The purchase price of that was \$341,850?

A That is correct. E. Fuhrhop.

Q That's F-u-r--

A -- that should be an "r" instead of "t".

Q F-u-h-r-h-o-p?

A Yes, correct.

Q For \$130,000?

A That is correct.

Q Mr. Graunke, G-r-a-u-n-k-e for \$131,500?

A Yes.

Q Mr. Harke, H-a-r-k-e \$120,000?

A That's correct.

3-MTH-3

E.B. Emmelkamp - McLennan Ex.

Q Mr. Lengert L-e-n-g-e-r-t, \$172,000?

A That's correct.

Q Mr. Minchou, M-i-n-c-h-o-u, \$285,000?

A That's correct.

Q Mr. Patton, \$59,000?

THE COMMISSIONER: Which?

Q MR. McLENNAN: \$59,000?

A That's correct.

Q Mr. Preus, P-r-e-u-s, \$170,500?

A That's correct.

Q Mr. Wedman, W-e-d-m-a-n, \$320,162?

A That's correct.

Q Mr. Gibb?

A That was for, that was paid - that was bought --

Q In two pieces?

A One piece was bought on the 4th and the other one in 1970.

Q All right?

A I don't quite know the exact price for that.

Q Well, there was a portion of Mr. Gibb's property bought before September 12th?

A That is correct.

Q And that portion was bought for \$282,925.00?

A It would appear to be correct.

Q Mr. Harke, H-a-r-k-e --

THE COMMISSIONER: -- we've had him already unless
there's another piece.

A It's another piece.

3-MTH-4

E.B. Emmelkamp - McLennan Ex.

Q MR. McLENNAN: Yes, it's another section, sir -
\$264,438?

A That's correct. That last piece was not bought by Mr.
Achtem but it was bought through the firm of Clement Parlee.

Q But all of those ones that I've mentioned were purchased by Mr.
Achtem --

THE COMMISSIONER: -- not the last Harke land?

MR. McLENNAN: Yes, there's another entry here that
I haven't referred to.

THE COMMISSIONER: Oh, I see.

Q MR. McLENNAN: All of the ones that I have referred
to, Mr. Emmelkamp, were purchased by Mr. Achtem within the
area of August 28th to September 12th?

A That is correct. That's when the options were paid. The final
amounts were all paid later.

Q Yes, but the agreement had been arrived at with the owner?

A That is correct, that is correct.

THE COMMISSIONER: Have you added that because I can't
add. I've been subtracting all my life.

MR. McLENNAN: No, I haven't added it, sir.

THE COMMISSIONER: I thought perhaps Mr. Chief Accountant
might have added it. He could probably look at it and tell me
what it is.

Q MR. McLENNAN: Have you added up those numbers?

A No, I have not added up those numbers.

THE COMMISSIONER: All right. You can add them if
necessary.

3-MTH-5

E.B. Emmelkamp - McLennan Ex.

Q MR. McLENNAN: Now, this five pieces of paper indicates legal description and owner, acreage, land price, agent fees?

A Title and registration fees.

Q Title and registration fees, agent fees and what's the last column?

A The last column is legal fees.

Q And legal fees. Has this been prepared by you?

A Yes, it has been.

Q And it is accurate?

A It is.

Q Now, how does one determine which portion of the agent's fees and legal fees went to Clement Parlee and which portion went to Mr. Achtem?

A The portion, the parcels marked with a "P" were purchased through Clement Parlee.

MR. McLENNAN: Might this be marked, My Lord?

THE COMMISSIONER: Have you seen this document, Mr. Steer?

MR. STEER: No, My Lord.

THE COMMISSIONER: You're not interested probably.

Is that 27, Mr. Clerk?

THE CLERK: 27, sir.

STATEMENT AS ABOVE DESCRIBED MARKED
EXHIBIT 27.

Q MR. McLENNAN: Do you know the totals of commissions earned by Mr. Achtem?

3-MTH-6

E.B. Emmelkamp - McLennan Ex.

A I don't know exactly but they are marked on the bottom of that.

Q Can you tell me, Mr. Emmelkamp, what the total agent's fees earned by Mr. Achtem were?

A Total agent's fees earned by Mr. Achtem are \$305,123.28.

THE COMMISSIONER: These are the 5% ones you are talking about?

A Yes, sir.

THE COMMISSIONER: What was that figure?

A \$305,123.28.

THE COMMISSIONER: And they were paid to him, were they?

A They were paid to him in five installments.

Q MR. McLENNAN: When did the last payment get made, Mr. Emmelkamp?

A January of 1974.

Q Were each of the payments to Mr. Achtem made in January of the year?

A The first payment was made toward the end of 1969; another payment was made the beginning of 1970 and from there on they were paid in January of each year.

Q And what agent's fees were - I'm sorry, what legal fees were paid to Mr. Achtem?

A \$21,391.60.

THE COMMISSIONER: Just a minute. Legal fees, you mean legal fees or accounts because he might have had disbursements, a very considerable amount.

MR. McLENNAN: Yes.

THE COMMISSIONER: He registered transfers, I take it?

3-MTH-7

E.B. Emmelkamp - McLennan Ex.

Q MR. McLENNAN: Would that include disbursements?

A It might include some disbursements.

THE COMMISSIONER: You mean Land Titles disbursements?

Q MR. McLENNAN: I'll try and get it broken down, sir. The total fees, the total billings were what, \$21,000?

A The total billings paid to Mr. Achtem, the way that I have them broken down - this may not be correct due to - I have \$8,531.75 for title fees and \$21,391.60 marked as legal fees. The two amounts together were paid to Mr. Achtem.

Q So there was \$21,000 fees and \$8,000 disbursements at Land Titles?

A In that neighbourhood, yes. It may not be quite correct due to not correct breakdown of legal fees.

Q You mean there may be some other disbursements?

A There may be some other disbursements.

Q Now, what commissions were earned by Weber Bros.?

A \$108,215.95.

THE COMMISSIONER: 118 --

A -- one oh eight two one five nine five.

Q MR. McLENNAN: And what legal fees were paid to that firm?

A \$13,236.04.

Q Would you say it again, please?

A \$13,236.04.

Q All right. Now, were you consulted by Mr. Orysiuk in 1969 regarding the Corporation's loan requirements?

A No, I was not.

E.B. Emmelkamp - McLennan Ex.

Q And did you go to Montreal with Mr. Orysiuk?

A Yes, I did.

Q And can you tell the Inquiry --

THE COMMISSIONER: -- I wonder if you might have the witness enlighten me as to what his duties were. He was chief accountant. What does chief accountant do? I know he keeps the books but is he the financial man of the firm or what is he?

Q MR. McLENNAN: Would you explain your duties in 1969?

A In 1969, my duties were to keep the books and records of the Corporation.

THE COMMISSIONER: Books and records?

A Yes.

Q MR. McLENNAN: You weren't consulted on financial matters?

A I was not.

Q Now, can you tell the Inquiry as to how your trip to Montreal came about?

A I came to work on August 18th and in the course of the morning I was told to pack my bags because we were going on the plane to Montreal and the plane was to leave at one o'clock. We arrived in Montreal that night.

Q Just a minute. Had you heard about that trip prior to that time?

A No, I did not.

Q Yes?

A We arrived in Montreal that night. The next morning we were

3-MTH-9

E.B. Emmelkamp - McLennan Ex.

A (continued) picked up by Mr. Farkas and his partner, I forgot his name. We were driven to an office where this two point two million dollar deal was discussed. We went to general discussion about marks, German marks and Swiss marks and whatnot. I'm not an expert on international money markets so I just sat there and observed the thing. The only thing that struck me was the interest rate of this supposed loan to be an effective yield of about 10.3%. It sounded kind of high but then the discount was quite substantial, being 9% of two point two million dollars being \$198,000 but I was told --

THE COMMISSIONER: -- I'm sorry, I just didn't catch what you were saying. The discount rate was 9%?

A 9% of two point two million dollars is \$198,000 so we would receive --

THE COMMISSIONER: -- 98 even?

A \$198,000 even, yes, so we would receive \$2,002,000.

THE COMMISSIONER: How much would you receive?

A \$2,002,000 is what it amounted to.

Q MR. McLENNAN: \$2,002,000?

A \$2,002,000. The \$198,000 was to cover a whole array of fees which they listed on the sheet of paper they gave us.

Q I'm showing you Exhibit "A" for Identification?

A Yes, yes, he did show us that.

Q Was that document received by you in Montreal while you were there?

A It was.

3-MTH-10

E.B. Emmelkamp - McLennan Ex.

Q And does the second page of the document bear your handwriting?

A Yes, this is my writing here, trying to calculate what the effective rate of interest was.

Q And when did you try and calculate the effective rate of interest?

A I tried to do that fast in the office while we were there.

THE COMMISSIONER: Mr. Farkas' office?

A No, it was not Mr. Farkas' office.

THE COMMISSIONER: Oh, it wasn't, whose office --

A -- it was somebody else's office.

Q MR. McLENNAN: Mr. Rosen?

A It might be Mr. Rosen; that name sounds very familiar.

THE COMMISSIONER: Well, Mr. Farkas was there, was he?

A Mr. Farkas was there and his partner was there also.

Q MR. McLENNAN: And at that time you were presented with this underwriting offering document?

A We were.

MR. McLENNAN: Might that become an Exhibit now, sir?

THE COMMISSIONER: Mr. Orysiuk, was he there at that time?

A Mr. Orysiuk was there also.

THE COMMISSIONER: And did he see this document?

A Yes, he did.

THE COMMISSIONER: That will be Exhibit 28.

THE CLERK: Yes, sir.

DOCUMENT DESCRIBED AS UNDERWRITING
OFFERING DOCUMENT MARKED EXHIBIT 28.

3-MTH-11

E.B. Emmelkamp - McLennan Ex.

Q MR. McLENNAN: Did you see Exhibit 15 while you were there, Mr. Emmelkamp?

A Yes, I did.

THE COMMISSIONER: Were you asked your advise, whether this was a proper loan or not?

A No, I was not asked that, to ask whether is this a good loan or is this not a good loan, I was not asked that question.

THE COMMISSIONER: I rather had the idea from previous evidence that you were the financial expert that was taken along but you don't subscribe to that?

A I don't profess to be a financial expert in foreign money.

Q MR. McLENNAN: Well, did you give any advise at all as to the advisability of borrowing in Deutsche marks?

A No, I did not.

Q Were you asked your opinion as to whether or not you thought this was a good loan or a bad loan or whatever?

A Well, they mentioned, because I mentioned the interest rate was quite high.

Q You did mention that?

A I did mention that.

Q What response --

A -- but then we also got a mortgage from the Bank of Nova Scotia, Lloydminster Office, where we got a mortgage at slightly over 10% so in that context the rates were comparable.

Q Who pointed that out to you? Did somebody point that out to you?

A No, because we had that mortgage already. We had an indication

3-MTH-12

E.B. Emmelkamp - McLennan Ex.

A (continued) from the Bank of Nova Scotia and that mortgage was in connection with building houses in the Town of Grimshaw.

Q Now, do you recognize the handwriting on the front page of Exhibit 28?

A I don't know exactly whose handwriting this is. It could be either one of, anyone in that office but taking a close look, I would say it's not Mr. Orysiuk's handwriting because he writes slightly different.

THE COMMISSIONER: Is that document an Exhibit?

MR. McLENNAN: Yes, Exhibit 28.

THE COMMISSIONER: Oh, both sheets?

MR. McLENNAN: Both sheets are Exhibit 28, yes.

THE COMMISSIONER: Why did you go along?

A I was told to come along.

THE COMMISSIONER: That's proper discipline, I know.

All right.

MR. McLENNAN: I think that's all the questions I have of Mr. Emmelkamp, sir.

Oh, there is one further thing I suppose, Mr. Emmelkamp, did you work on Mr. Orysiuk's garage?

A Yes, I worked on Mr. Orysiuk's garage one Saturday morning, pouring concrete.

Q At any other time?

A I did not.

Q Did you work on any other houses or garages or rumpus rooms for any other Corporation personnel?

A No, I did not.

3-MTH-13

E.B. Emmelkamp - McLennan Ex.
- Steer Ex.

Q Did anyone work at your house?

A No.

THE COMMISSIONER: Tell me, Mr. Emmelkamp, was it the custom for a chap in your position or an executive, to work evenings in the business of the Corporation, if necessary?

A Yes, I did put in a lot of hours after normal working hours to keep the accounts straight.

THE COMMISSIONER: Did Mr. Orysiuk also?

A Well, he was there on occasion, yes, but he was out - most of time he was out in the field. If he was in town, he would be at home but if this was out of town, I imagine he did some work for the Corporation after normal working hours.

THE COMMISSIONER: Well, he was the chief executive anyway, wasn't he?

A Yes, he was.

THE COMMISSIONER: All right. Mr. Steer?

MR. STEER: Thank you, My Lord.

MR. STEER EXAMINES THE WITNESS:

Q Mr. Emmelkamp, you told us that the deal was discussed generally when you got to the accountant's office in Montreal on August 19th, is that correct?

A That is correct, sir.

Q And there, I take it were Mr. Orysiuk, you; the accountant for Mr. Farkas, was he there?

A Yes.

Q And Mr. Farkas' partner?

A Mr. Farkas' partner and Mr. Farkas himself.

Q And was Mr. Farkas busy explaining the deal about Deutsche marks and things of that nature?

A Well, I can't remember who did most of the talking. Mr. Farkas and his accountant did a fair amount of explanation but who talked the most, I can't tell you.

Q Well then, between the two of them they explained the ramifications of Deutsche marks and how the loan would be made and so on and the rate and the discount, did they?

A Yes, they did, sir.

Q And I take it that most of the time that you were there, you and Mr. Orysiuk listened to what these two men were saying about what this transaction consisted of and the benefits of it, is that right?

A Yes, sir.

Q And tried to understand it?

A Tried to understand what it was all about.

Q Sure. And the discount that's in the loan, it was explained, as I understand it from what you have said, that that had to go to underwriting costs, agent's costs, finder's fees, legal costs, is that right?

A That's right, sir.

Q And were there also remarks made that there would be distribution costs - I'm sorry, I shouldn't be walking up here - do you recall that?

A No, I don't recall that. Whatever is listed on that sheet of paper, that was all included.

Q I'm looking at Exhibit 28 which is, you tell us, a document you

3-MTH-15

E.B. Emmelkamp - Steer Ex.

Q (continued) saw there, sir?

A Yes, sir.

Q And on page 2 of the document there is this business of underwriting costs, agent's fees, finder's fees, legal costs, distribution and bank charges?

A That is correct.

Q All these matters were discussed or explained to you and Mr. Orysiuk?

A Not each item, not specifically.

Q Not the items as to how they were being broken down?

A No, they were not.

Q But they were explained to you?

A That all these costs were involved and that that would be taken out of that 9%.

Q Out of the 9% discount?

A Right. It was not an additional cost to us.

THE COMMISSIONER: Out of the \$98,000?

A Out of the \$198,000.

Q MR. STEER: Out of the \$198,000?

THE COMMISSIONER: No, \$98,000.

A No, \$198,000.

MR. STEER: \$198,000, sir.

THE COMMISSIONER: Oh, is that what it is?

MR. STEER: Yes, sir.

THE COMMISSIONER: I don't know which is - I had \$98,000. They didn't tell you what legal costs they were, did they?

3-MTH-16

E.B. Emmelkamp - Steer Ex.

A No, they did not, sir.

THE COMMISSIONER:

Here they were getting a debenture from the Government, from Alberta Housing guaranteed by the Government of Alberta and they didn't tell you - it required legal costs, I suppose, but they didn't tell you what it would be though.

Q MR. STEER: At any rate, the expenses for underwriting, agent's fees, finder's fees, legal costs, distribution and bank charges - that's why there was this discount and that's what those gentlemen told you?

A That is correct, sir. They also told us that in relation to a smaller loan, this seemed quite large.

Q They also told you that?

A Yes.

Q But they also told you, too, didn't they, that even if the loan were increased in size, these kind of costs would be about the same in any event?

A That is correct.

Q And in point of fact, a summary of what the two men, Mr. Farkas and the other men who were talking to you had to say about the interest rate and the need for the 9% is summarized pretty accurately on page 2 of this Exhibit 28? .

3-HSA-1

E. B. Emmelkamp - Steer Ex.

A That is correct, sir.

Q And as part of this explanation that these two men gave to you and Mr. Orysiuk, they also said that because the bank was paying all these expenses they had been talking about, which normally would be paid by the person borrowing the money, really the effective rate was about 9 3/8ths percent, isn't that what they said?

A I don't know exactly whether that is what they said, but all I was wondering about is the net amount of money which we were going to get, and that is where we had to pay interest, we had to pay interest on the total amount.

Q Yes?

A But we did not get the total amount, we got the net amount.

Q But they did say to you, in effect what is said here, that therefore the effective rate of these bonds should be considered as 9 3/8ths percent?

A Well they said that it should be considered as 9 3/8ths percent, yes.

Q Yes, that is all I was asking you.

A Yes.

Q Now, when you came back to Edmonton did you bring this piece of paper with you?

A Yes we did, sir.

Q Did you have it?

A Well yes, it became part of the general file.

Q I see, what did you do with this piece of paper?

A I just put it in the file.

3-HSA-2

E. B. Emmelkamp - Steer Ex.
- Redmond Ex.

Q You just put it in the file?

A Yes.

Q And the effective rate that you calculated was 10.32%,
is it?

A That is correct.

MR. STEER: Those are all the questions I
have, thank you very much.

MR. REDMOND EXAMINES THE WITNESS:

Q Mr. Emmelkamp, Exhibit 27, I gather from the heading on it,
is a document that was prepared in answer to a question
in the legislature in 1972?

A That is correct, sir.

Q Then, sir, I gather that sometime after this was prepared
to answer that question, you have gone through, have you,
and put markings to indicate the properties that were
purchased before the date, or by the date that Mr. McLennan
mentioned?

A That is correct, sir.

Q Was that done at Mr. McLennan's request?

A Yes.

Q So that is a recent addition to the document?

A Yes, it is a recent addition, as a matter of fact it is
from Monday morning.

Q Yes, so that this then was not any sort of a running
tally that was kept at the time as to the amount of
commission accruing, or the amounts of purchases that had
been made?

3-HSA-3

E. B. Emmelkamp - Redmond Ex.

A At the office records we have a record of the cost of each parcel of land, including the original cost, legal costs and --

Q Quite, but this list is not a tally that was kept up to date as you went along?

A No it was not.

Q Now, the arrangement with Mr. Achtem, I gather, Mr. Emmelkamp, would entitle him to be paid when the purchase transaction on a particular parcel of land was completely finished, that is the commission wouldn't accrue to him until the transfer had been received and registered and the money paid out to the vendor?

A That is right, sir.

Q And, of course, the time when that occurred on each of these sales that you have mentioned would be somewhat later than September 12th, 1969?

A That is correct.

Q Now, sir, I take it that you haven't got a list, or a tally here, to show when the sales were completed so that any commission became due?

A Some commissions became due in 1969 on some parcels of land.

Q Would it be fair to say that there were a relatively small number of sales fully completed in 1969, and a considerably larger proportion of these sales were actually completed sometime in '70?

A That is correct.

3-HSA-4

E. B. Emmelkamp - Redmond Ex.

Q Now, do I gather that sometime late in '69 Mr. Achtem would have submitted an account for the sales completed in 1969, or --

A Yes.

Q Is that what happened?

A Yes, that is what happened.

Q And it would have been then very late in 1969 before anyone had done a calculation to determine just how much he would earn for those 1969 sales?

A The account was submitted by Mr. Achtem sometime in November.

Q So it would be then sometime in November of '69 before anyone had a calculation done as to the amount that he had earned in commissions in 1969?

A That is right, sir, as a matter of fact we didn't know anything about the sale because it was kept secret until October of 1969.

Q And it was November when you first did a calculation to see how much he had earned for '69?

A I did not do the calculation, Mr. Achtem submitted the account and I checked the account.

Q In November?

A In November.

Q Now, sir, on the list that was filed as Exhibit 27 there was the name Preus, E. Preus, that you identified as one of the sales completed by September 12th of '69?

A Yes sir, the 10th of September.

Q Is that this one on the second page, Erwin Preus?

3-HSA-5

E. B. Emmelkamp - Redmond Ex.

A Erwin Preus, I don't know whether it is Erwin.

MR. REDMOND: That is all, thank you.

THE COMMISSIONER: Do you know anything about the
lands in question?

A Other than the purchase price, sir.

THE COMMISSIONER: Just the purchase price?

A Yes.

THE COMMISSIONER: You don't know what problems
there were in purchasing this property?

A No, sir.

THE COMMISSIONER: What arrangements had to be made
with the vendors in regard to the piece of property
that they might be keeping for a house?

A No sir, I was not involved in that.

MR. LEFEVER EXAMINES THE WITNESS:

Q Mr. Emmelkamp, I think I understand your evidence to be
that the only employee of the corporation on whose property
you did any work was that of Mr. Orysiuk?

A That is right, sir.

Q And you weren't paid anything for that?

A I wasn't paid a cent for it.

MR. McLENNAN: I have nothing further, sir.

THE COMMISSIONER: Why did you do it?

A He was a nice man and he had to have his concrete poured
and if I had to have my driveway poured I would have asked
for help also.

MR. McLENNAN: I have nothing further for the

3-HSA-6

R. C. Simpson - McLennan Ex.

MR. McLENNAN: (Cont.) witness. That is fine, Mr. Emmelkamp,
thank you.

(Witness retires.)

ROBERT CRAY SIMPSON, sworn, examined by Mr. McLennan:

Q Mr. Simpson, what is your occupation, sir?

A I am an auditor with the Income Tax Department.

Q And what was your occupation in 1969?

A I was an auditor with the Income Tax Department.

Q And on the 10th of October of that year you acquired an
option, along with a Mr. Tony Melvyn?

A Yes.

Q From a Mr. and Mrs. Mueller, of a piece of property that
is located in the Mill Woods area?

A That is correct.

Q I am showing you a copy of the option, do you recognize
that?

A Yes, that is the option.

Q Might that be marked, sir?

THE COMMISSIONER: Yes.

OPTION MARKED EXHIBIT 29.

Q MR. McLENNAN: What is Mr. Melvyn's occupation?

A He is an auditor with the Income Tax Department.

Q Now that option is dated, Exhibit 29, is dated the 10th of
October, 19-- it hasn't got a year on it, but it is
1969, is it not?

A M-hm, m-hm.

Q Answer yes?

3-HSA-7

R. C. Simpson - McLennan Ex.

A Yes.

Q And on the 15th of October, 1969 you sold that, the majority of that land to Edward Achtem?

A I did not sell it myself, Mr. Melvyn negotiated the transaction.

Q I am showing you an offer to purchase and interim agreement, signed by Mr. Achtem, and whose signature is that?

A It looks like Mr. Melvyn's, I haven't seen that document before.

Q I see. Well I presume you know of the terms?

A Roughly, I believe it was culminated in January, 1970.

THE COMMISSIONER: That was an option you were talking about?

A We had an option to buy this land.

THE COMMISSIONER: Did you give an option or make a sale?

A We sold an option. We were in that business on a part time basis. Have been before and are now.

THE COMMISSIONER: I am not suggesting there was anything wrong that you did.

A No, that is fine, I just wanted you to know that we do this.

THE COMMISSIONER: Lots of us would like to do it.

A It takes a lot of work.

Q MR. McLENNAN: Well, Mr. Simpson, you owned the property for five days before you sold it to Mr. Achtem?

A That appears to be correct.

Q Well is there any doubt about that?

3-HSA-8

R. C. Simpson - McLennan Ex.

A Not at that stage -- this document I haven't seen before but I believe that is it approximately, we didn't have it very long.

Q Do you have a file on this?

A I don't have anything much more in relationship to the acquisition of the land than what you have here, as far as the option is concerned.

Q Do you have a file on the transaction?

A I have a file relating to things around the transaction, but not the acquisition.

Q All right, you purchased, or at least you got an option from Mrs. Meuller and her husband at twenty-five hundred an acre?

A M-hm, m-hm, correct.

Q And you acquired 160 acres?

A We acquired 160 acres of which we had to subdivide out 10 acres to satisfy the Meullers because they wanted to remain on the home site until they decided to retire. They were in the dairy business. I knew Mrs. Meuller personally because I was brought up in that area on a farm, as a boy.

Q And you sold to Mr. Achtem for twenty-six hundred dollars an acre?

A That is correct, 150 acres.

Q Yes, and the 10 acres that you didn't sell to Mr. Achtem, who did you sell that to?

A We sold that to Imperial Oil.

Q For how much?

A \$50,000.00.

3-HSA-9

R. C. Simpson - McLennan Ex.

Q And that is five thousand an acre?

A M-hm, m-hm.

Q Answer?

A Yes. We had to pay Mrs. Meuller twenty-five thousand, the balance of the option, we had a sub-option on that 10 acres, you understand, and we had to clear off the site because she took the buildings at auction and sold them underneath us.

Q Now, how did you -- how long was your option for when you acquired it?

A Well 10th day January 1970.

Q So it was for three months?

A M-hm, m-hm.

Q I am sorry, you say m-hm, m-hm, but for the record --

A Yes.

Q How did you -- did you intend to buy this land?

A That was our original intention when we went into the area, we were looking for land for further acreage development, which we do, and at that time the market had heated up pretty good in that area so we weren't too concerned about the thousand dollars we had put up for the option.

Q That is twenty-five hundred an acre for 160 acres is \$400,000.00?

A That is correct.

Q And you and Mr. Melvyn intended to buy the land for \$400,000.00?

A Not just for ourselves, no. We have an investment group.

R. C. Simpson - McLennan Ex.

A (Cont.) We were in the midst of a development that we just completed and we were looking for further property to continue this on.

Q Well did you have any idea what was going on out there on October 10th when you took the option?

A Well at that time the first individual we called on to try and locate some land -- I don't recall his name off hand, but he lived a couple miles south of the Ellerslie School House, and he told us that there was a great deal of land buying going on in the area, exactly who was buying it nobody knew, but as I said earlier the market was very hot and we felt that if we couldn't culminate our acreage development that we wouldn't lose very much by having an option on some land, until we found out what was going on.

Q Well --

A You don't go into an area like that and start buying land for \$800.00 an acre, farm land, that ordinarily sells for maybe two or three hundred an acre, you don't make many purchases before everybody and his dog is out there getting options.

Q Well I don't know of any other options taken out there other than the one you and Mr. Melvyn took, do you?

A There was a lot of land that was never sold to the Government.

Q Well that is what I am talking about, I don't know of any options that were taken out in that area --

A Well the farmers have smartened up, they realized that

3-HSA-11

R. C. Simpson - McLennan Ex.

A (Cont.) that something was going on and they wouldn't sell, because some of them got \$800.00 an acre and I understand some of them got up to \$3,000.00 an acre.

Q Well did you think the land was worth twenty-five hundred an acre?

A Yes, certainly, we only had a thousand dollars out and a three month option.

Q Well I am not suggesting that it wasn't a heck of a good speculation, I am just wondering how you knew it was a good speculation on October 10th of 1969?

A Well it was a hot market area.

Q And you just happened into the area?

A No, I lived in that area as a boy and when I went in there looking for land for acreage development but when I got up there I found out from these farmer friends of mine that there was some groups around there, person or persons unknown to me, acquiring land.

Q Yes?

A And they were paying pretty high prices for it, so what does that mean to you? I live in Sherwood Park and I recall when I first moved out there a similar situation occurred.

Q Well who was it that told you that somebody was out there buying land?

A I can get him name for you, but I know the farmers in the area there, I know Peggy Freed, and her mother. I know Emma Meuller who used to be Schultz, before she married

3-HSA-12

R. C. Simpson - McLennan Ex.

- A (Cont.) Otto, and in talking to her and these other people I knew there was people around buying land. Who they were I didn't know.
- Q Well all right, who did you contact, or who contacted you after you bought it?
- A Nobody contacted me.
- Q Yes, well who did you contact?
- A In respect to selling the land?
- Q Yes?
- A Mr. Melvyn handled that end of it.
- Q Okay, who did he contact?
- A I don't think he contacted anybody, I think Mr. Achtem contacted him, who informed him that his land was being acquired by the Alberta Housing Corporation and was going to be a land bank.
- Q All right, did you have anyone assisting you in connection with this, you and Mr. Melvyn?
- A Well in the 10 acres Mr. Sherban was involved in that because we were trying to -- you see there was a nice farm house and a barn and we wanted that because we were going to rent it and just hold on to it because at that time we found out that the land was going to be used for a land bank and we felt if we could hang on to it for a period of time that we could make some money on it, and Mr. Melvyn came in to that to help us with the financing and the acquisition of the 10 acres, just the three of us, you see, we weren't going to take this to the group because

3-HSA-13

R. C. Simpson - McLennan Ex.

A (Cont.) it was too small now.

Q Who was your solicitor?

A Mr. Lieber was Mr. Melvyn's solicitor and has been for some time. He was going to handle the transaction for us.

Q Had you made a deal with Mr. Achtem before you went and saw Mr. Lieber?

A I think you would have to ask Mr. Melvyn that, I don't know, I handled none of the legal details at all.

Q Who drew your option agreement for you?

A We drew it up ourselves.

Q You and Mr. Melvyn?

A M-hm, m-hm.

Q And you don't know when Mr. Lieber was contacted whether it was before you had a sale or afterwards?

A I suggest that perhaps at the time that we got the option that Mr. Melvyn probably contacted Mr. Lieber to finalize the legal arrangements, if and when they became finalized, at this date, because you recall -- you may not know, but Mr. Lieber is involved in an investment group that I was involved in, in an acreage development near Scott Haven, which is called, Scott Haven, near Sherwood Park.

Q No, I don't know that.

A Well he is, and that is how I came to know Mr. Lieber first of all, was through that involvement, and later after this transaction occurred I had to get in with Mr. Lieber and several other individuals in the City to take over the management of that because Mr. John Campbell

3-HSA-14

R. C. Simpson - McLennan Ex.

A (Cont.) who had started it, died, and we had to take it over and finalize it.

Q Well, Mr. Simpson, all I am wondering is, before you made your sale to Mr. Achtem did you contact Mr. Lieber? Now if you don't know we will have it from Mr. Melvyn.

A Not in that relationship. I mean I had contacted Mr. Lieber before that in relationship to the Scott Haven --

Q No, in relationship to this?

A No.

Q You don't know if Mr. Melvyn did?

A No I don't.

Q Do you know where the deal was arrived at whereby you sold to Mr. Achtem?

A Mr. Melvyn handled that, and you would have to ask him.

Q You didn't ever find out?

A Well I wasn't too concerned. He told me that the land was going to be acquired as a land bank and Mr. Achtem approached him and told him that there was no way we were going to do an acreage development in there, and so he made him an offer to buy the land from him. He didn't have to. We did not approach Mr. Achtem, he approached us, Mr. Melvyn at least.

Q That was a pleasant surprise for you and --

A Well not really because as it has turned out I wish I had the land now, seeing that the City is selling lots in there up to \$20,000.00, I wish I had the land.

Q Well you can't have the profit in 1969 and have the land

3-HSA-15

R. C. Simpson - McLennan Ex.
Redmond Ex.

Q (Cont.) in 1974.

A Well I will give them back their money if they will give me back the land.

MR. McLENNAN: Thank you.

THE COMMISSIONER: Do you want to examine this witness?

MR. REDMOND: I have one question, sir.

THE COMMISSIONER: Yes?

MR. REDMOND EXAMINES THE WITNESS:

Q Mr. Simpson, do you remember that in October of 1969 there was a big piece in the newspaper announcing the land bank acquisition in Mill Woods?

A M-hm, m-hm.

Q You saw that when it came out?

A Yep.

Q Would you remember that the date apparently was October 17th, that is what this inquiry has been told?

A I don't recall the date. I have a copy of it for other reasons. I had some reason to keep a file on that.

Q In any event you saw that announcement when it came out?

A Yes, and I recall Mrs. Mueller being very furious because she felt that if the Government was going to buy that land then they should have paid an equal amount to everybody in the area rather than paying more to some and less to others.

MR. REDMOND: Thank you, Mr. Simpson.

3-HSA-16

R. C. Simpson - Commissioner Ex.

THE COMMISSIONER EXAMINES THE WITNESS:

Q It is my understanding that when it was sold by you to Mr. Achtem that he advised you that he was buying for the Alberta Housing?

A He told Mr. Melvyn that he was acquiring it.

Q For himself or --

A I don't know whether -- I wasn't in on the conversation so I can't say that he told him he was buying it for the Alberta Corporation, but he did say that the land was being acquired, I think, as a land bank, but you will have to ask Mr. Melvyn that because I wasn't in on the conversation and I shouldn't be saying something that Mr. Melvyn would know more of.

Q That is fine.

A But earlier you asked the other gentleman down here about subdivision and it is significant, at least in this case, that we did have to subdivide out 10 acres before we could acquire the option because these people wanted to remain on the land until they --

Q You did that yourself, didn't you?

A We paid for that, yes.

Q Yes.

A Because we had two options, we had to have two options, you see, and we had an option on the ten acres which was to include the buildings and then Mrs. Mueller had an auction sale and sold our buildings and we couldn't do anything with the land, we had an option and no buildings,

3-HSA-17

R. C. Simpson - Commissioner Ex.
- McLennan Ex.

A (Cont.) you know, and we were fortunate enough to be able to dispose of it to Imperial Oil who wanted land in the area for a future site, or to trade off.

Q But the subdivision of that piece of property was done prior to your selling it to Mr. Achtem?

A Yes, I believe so.

Q That is all I wanted to find out.

MR. McLENNAN EXAMINES THE WITNESS:

Q Well it couldn't have been subdivided in five days, you are not suggesting that?

A Well it was started, I mean she wouldn't have given us the option on anything until we agreed to the subdivision of the ten acres.

Q Well you might have agreed to do what you could to take 10 acres out of the parcel, but you couldn't get a subdivision done in five days?

A Well it was in the process, okay. It was in process, the actual subdivision.

THE COMMISSION:

Who was doing the subdividing?

You were paying for it, I know, because you were doing it, but who did it for you?

A I think Stewart Weir, I am not sure.

MR. McLENNAN:

They are land surveyors, sir.

Thank you, Mr. Simpson.

A Okay.

(Witness retires.)

3-HSA-18

R. C. Simpson - Steer Ex.

ROBERT CRAY SIMPSON, recalled on his former oath, examined by

Mr. Steer:

Q Mr. Simpson, about that subdivision for Mrs. Meuller, I take it that Mrs. Meuller had lived on that land all her life?

A Yes, as a matter of fact my father knew Mrs. Meuller when she was younger, her name was Emma Schultz.

Q Yes, I remember the Schultz family out there.

A And she married Otto, and they were getting on in years and maybe she figured that was the last hope.

THE COMMISSIONER: Now you are getting right to the bottom of things.

Q MR. STEER: Now, sir, what I wanted to ask you was, your group, you and your partner, approached Mrs. Meuller to get an option on her land?

A Him and I together, and I think the reason we were able to get it was because of the family connections.

Q Quite, and then Mrs. Meuller took the position at that time that, yes we will give you an option but we want to have our farmstead excepted out?

A Yes.

Q Now, if Mr. Achtem had been the person who contacted Mrs. Meuller first I suppose it would have been the same position in all likelihood, wouldn't it, that Mrs. Meuller would have wanted to except out her farmstead?

A Yes, I believe so, and while we are on the subject I believe that Mr. -- later I determined that Mr. Achtem

3-HSA-19

R. C. Simpson - Steer Ex.
Redmond Ex.

A (Cont.) must have been the person to have contacted Mrs. Meuller before we did because she did say that somebody had been around attempting to buy the land.

Q But she wasn't prepared to sell?

A She wasn't prepared to sell at that time.

Q However you had known Mrs. Meuller for many years and she was prepared to make a deal with you?

A Well we kind of talked her into it. We helped her husband take off the crop that fall when he hurt his back.

THE COMMISSIONER: How was the crop?

A Not bad.

Q MR. STEER: You weren't a stranger?

A She got very nervous when I kept driving the truck alongside the combine rather than stopping, she thought I was going to smash it up.

MR. STEER: Thank you, sir.

MR. REDMOND: Sir, I do have one or two more things that arise out of that.

THE COMMISSIONER: Yes.

MR. REDMOND EXAMINES THE WITNESS:

Q Did Mr. Melvyn look after arrangements for the subdivision, or did you do that?

A I think Mr. Lieber did because we just turned it over to him to handle after that.

Q Well would it be fair to say that you are not quite sure who looked after the subdivision or who paid for it?

A Well I think it came out of our money, we paid for it all

3-HSA-20

R. C. Simpson - Redmond Ex.

A (Cont.) right, but just actually who made the arrangements at the time I can't say because I didn't come here with any papers. If you had asked me to bring this with me I would have found out and brought it with me. I am not a walking encyclopaedia.

3-JW-1

R.C. Simpson - Redmond Ex.

Q You are doing pretty well.

I take it you are not really quite clear what the detailed work was on the subdivision or who looked after it?

A No.

MR. REDMOND: Okay, thank you.

THE COMMISSIONER: Just tell me something arising out of that. Was Mr. Lieber experienced in taking care of subdivisions?

A Mr. Lieber has -- subsequent to this time I have gotten to know Mr. Lieber better because we did go after this land bank acquisition was sort of let out in the papers, we acquired 80 acres on the north side of the Ellerslie school-house as a group which we still hold, and I hope we don't get taxed heavily on it.

THE COMMISSIONER: You'll take care of that.

A We have done several since then, so the acquisition -- I mean the financing of these things may seem difficult to you but they are not if you know how to do it. You need a lot of people and that's where we get our equity for doing the financing, setting up the deals.

THE COMMISSIONER: Well, all I'm trying to find out from you is, was Mr. Lieber, who was acting for these chaps, was he experienced in this kind of thing?

A Yes.

THE COMMISSIONER: All right.

A Very.

3-JW-2

E.A. Reilly - McLennan Ex.

THE COMMISSIONER: All right, that's better still.

A Any further questions?

MR. McLENNAN: I don't think there is anything further.

THE COMMISSIONER: He wouldn't need to go and get advice from anybody else.

A I wouldn't think so, no.

THE COMMISSIONER: All right.

MR. McLENNAN: Thanks, Mr. Simpson.
(Witness Retires).

MR. McLENNAN: Mr. Reilly.

ERIC AUSTIN REILLY, sworn, examined by Mr. McLennan:

Q Mr. Reilly, you are a solicitor with the Alberta Housing Corporation?

A That's correct.

Q And how long have you been with Alberta Housing Corporation?

A Since July 1st, 1973.

Q And you were a member of the Attorney General's Department for that --

A That's right.

THE COMMISSIONER: Since when?

A July 1st, '73.

Q MR. McLENNAN: You were a solicitor with the Attorney General's Department prior to that?

A I was a student at law at the time.

Q I see, okay. And have you compiled a history of Alberta

3-JW-3

E.A. Reilly - McLennan Ex.

Q (continued) Housing Corporation's corporate existence including the statute pursuant to which operated and now operates?

A Yes, I have.

Q And the Orders-in-Council that have been passed from time to time all bearing its support of directors?

A Yes. What I have done is I have gone back to the first Act dealing with housing in the province.

Q Could you advise the court when the present Alberta Housing Corporation came into existence, what its name and jurisdiction was at that time?

A Well, the Corporation, the Alberta Housing Corporation itself came into existence in 1970; but its predecessor was the Alberta Housing & Urban Renewal Corporation. That came into -- the Alberta Housing Act, 1967 --

THE COMMISSIONER: You had better go back to 1952.

A We can go back all the way to '45 but, okay, would you like me to start at 1952 and come up to the present date?

MR. McLENNAN: Please do.

A 1952, Chapter 38 of the Statutes of Alberta was an Act to cooperate with the Government of Canada and other public authorities in the provision of housing. The short title was the Housing Act.

The purpose of this Act was to provide low cost housing and municipalities paid into a housing fund and they could borrow four times the amount they had in the fund. The province could execute agreements with

3-JW-4

E. A. Reilly - McLennan Ex.

A (continued) the Federal Government and C.M.H.C. for housing projects.

This Act was carried into the Revised Statutes of Alberta, 1955, Chapter 149; I don't believe there is any substantive changes in that legislation.

Order-in-Council 1/65 established a committee, the Alberta Housing & Urban Renewal Committee, and it was made up of:

J.J. Stirton, Manager of C.M.H.C. in Edmonton
W.G. O'Reilly, Manager of C.M.H.C. in Calgary.

The provincial government representatives were:

Angus W. Morrison, Deputy Minister of Municipal
Affairs
Noel Dant, Provincial Planning Director.

Municipal representatives were:

Ross L. Ellis of High River
K.G. Newman of Edmonton.

Their duties were really to promote interest in housing legislation.

THE COMMISSIONER: Were they the Board --

A No, it wasn't a board. This was a tri-level committee from the federal government, from C.M.H.C., the province and the municipalities, six members.

THE COMMISSIONER: That was Order-in-Council number what?

A 1/65. It was passed on January 5th, '65.

MR. McLENNAN: Perhaps we can file that, sir.

THE COMMISSIONER: What?

3-JW-5

E.A. Reilly - McLennan Ex.

MR. McLENNAN: That Order-in-Council, if you are interested in having it.

THE COMMISSIONER: I don't know if we are much interested in that.

MR. McLENNAN: I don't think it need be an exhibit, it's just filed.

A The next case of legislation was the Alberta Housing Act, 1965, Chapter 38. The long title was An Act to Cooperate With the Government of Canada and Other Public Authorities For the Provision of Housing and Urban Renewal.

It repealed the Housing Act.

This Act stated that the Province could enter into agreements with the Government of Canada, C.M.H.C., Central Mortgage & Housing Corporation, any municipality or a housing authority. Established under this Act were the public housing projects, Co-op Housing -- no, I don't think Co-op. Public housing, land assembly, and urban renewal, basically.

This Act also set out some powers of expropriation; the municipality could, of course, expropriate. And for the purpose of any agreement entered into under that Act the Minister could acquire land by purchase, expropriation, or otherwise.

Q The Minister referred to is Municipal Affairs?

A Yes, that's correct.

THE COMMISSIONER: What Act would they employ when they were expropriating?

A Well, under the Expropriation Procedures Act, I would imagine.

3-JW-6

E.A. Reilly - McLennan Ex.

THE COMMISSIONER: It just says in the Act they could expropriate, it doesn't say pursuant to anything --

A I don't know what the legislation was then, My Lord, but now the Minister of Municipal Affairs has the same powers as the Minister of Public Works under the Public Works Act, but I couldn't tell you what the powers were then.

In 1966 Order-in-Council 2214/66, the Committee that was previously established, the municipal representatives being Mr. Ellis and Mr. Newman, were no longer engaged in municipal work and Mr. David J. Russell and Rodney C. Craig were appointed as municipal representatives of that Housing Committee established in January of '65.

In 1967, Chapter 34, it was an Act to amend the Alberta Housing Act. This is really getting to form the basis of the present day Act, and it broadened the purposes of the Alberta Housing Act to involve Co-op housing as well, and also in Section 16a. of that legislation:

"The Lieutenant Governor in Council may establish a corporation with the name of the Alberta Housing and Urban Renewal Corporation to carry out any of the duties and functions provided for by this Act and in addition such other duties and functions related to any Provincial program of housing or housing accommodation as may be assigned to it by the Lieutenant Governor in Council."

This section also established that the affairs of the Corporation would be conducted by a Board

3-JW-7

E.A. Reilly - McLennan Ex.

A (continued) of Directors, being a Chairman, a Vice-Chairman and such other members as may be appointed by the Lieutenant Governor in Council to hold office during his pleasure.

Also here for their financing,
this is also in Section 16a. (3):

"The Provincial Treasurer is hereby authorized to make, at the request of the Alberta Housing and Urban Renewal Corporation, advances of such sums out of the general revenue fund of the Province, as are required from time to time for the purpose of transacting the business of the Corporation."

In subsection (4):

"The Province may guarantee any debentures issued by the Alberta Housing and Urban Renewal Corporation."

It goes on to appoint, the
Lieutenant Governor in Council may appoint such officers to
the Corporation.

THE COMMISSIONER: This is actually the first time we
see anything about guarantees.

A That's correct.

Order-in-Council 765/67, dated May
the 2nd, 1967, established, pursuant to Section 16a. of the
Alberta Housing Act, established the Corporation, and states:

"That the Alberta Housing and Urban Renewal
Corporation be and is hereby established,

"That the Board of Directors of the aforesaid
Corporation shall consist of the following named persons:

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E.A. Reilly - McLennan Ex.

A (continued) A.W. Morrison, Deputy Minister, Department of
Municipal Affairs
F.G. Stewart, Deputy Provincial Treasurer
S.E. Kenworthy, Deputy Minister, Department of
Public Works
J.E. Oberholtzer, Deputy Minister, Department of
Industry and Development
V.A. Wood, Deputy Minister, Department of
Lands and Forests
J.E. Hart, Q.C., Deputy Attorney General"

Mr. Morrison was appointed Chairman
and F.G. Stewart was appointed Vice-Chairman of the
Corporation.

The duties and functions -- the
functions assigned to the Province under the Alberta Housing
Act were vested in the Corporation. They were to provide
provision of housing accommodation for employees of the
Province; this is the staff housing program which there is no
mention in the legislation previous to this.

The provision of housing accommoda-
tion for students enrolled at provincial educational institu-
tions, except universities.

The provision of housing accommoda-
tion for migratory workers.

In 1968, Chapter 44 --

THE COMMISSIONER:

That Order-in-Council was numbered

what?

MR. McLENNAN:

765/67.

A Chapter 44 of the Statutes of Alberta, 1968, was an Act to
revise and consolidate the Alberta Housing Act. It repealed
the Alberta Housing Act, being Chapter 38 of the Statutes of

E.A. Reilly - McLennan Ex.

A (continued) Alberta, 1965.

The objects of this Act are to provide public housing, land assembly, land development, urban renewal, cooperative housing.

The Alberta Housing and Urban Renewal Corporation as previously constituted was continued under Section 25 of that Act as a Corporation. The Board was continued.

Again in Section 26, it was still discretionary at that time,

"The Province may, with the approval of the Lieutenant Governor in Council, guarantee any debentures issued by the Alberta Housing and Urban Renewal Corporation."

Also, the employees --

THE COMMISSIONER: Just a second, the Province may guarantee what?

A May guarantee any debentures issued by the Alberta Housing and Urban Renewal Corporation.

THE COMMISSIONER: That's an Order-in-Council?

A That's correct. Approval of the Lieutenant Governor in Council.

The previous Act, 1967, stated that the employees were appointed by Lieutenant Governor in Council. In Section 27 of the 1968 Act it says:

"In accordance with The Public Service Act, 1962,

3-JW-10

E.A. Reilly - McLennan Ex.

A (continued) there may be appointed such employees as are requisite for the conduct of the business of the Alberta Housing and Urban Renewal Corporation."

So, their affairs are still run by a Board; they could borrow in Section 28 such monies as are required for their purposes, and the Alberta Housing and Urban Renewal Corporation could enter into any agreement that the Province could enter into under the Act.

Section 30:

"Land may be acquired by the Province or the Alberta Housing and Urban Renewal Corporation for any of the purposes provided by this Act by purchase, expropriation or otherwise, and it may be acquired before it is actually needed for and in anticipation of any project or scheme mentioned in this Act."

THE COMMISSIONER: Is there something there about borrowing outside of Canada or anything?

A No, it just -- the Alberta Housing and Urban Renewal Corporation -- here it is.

"In addition to the powers vested in a corporation by Section 14 of The Interpretation Act, 1958, the Alberta Housing and Urban Renewal Corporation may

(b) borrow such moneys as are required for its purposes, and

(c) secure any moneys borrowed, issue debentures or mortgage any real property held for a housing project."

3-JW-11

E.A. Reilly - McLennan Ex.

THE COMMISSIONER: So there is no limitation there as to where to borrow or who to borrow --

A No.

In 1970, Chapter 57, Statutes of Alberta, the Alberta Housing Act 1970, this established the Alberta Housing Corporation and it replaced the Alberta Housing and Urban Renewal Corporation.

I believe this is the first time that the Executive Director of the Corporation was ever named to the Board.

It says under Section 5:

"The affairs of the Corporation shall be conducted by a Board of Directors which shall consist of

- (a) the Minister as chairman,
- (b) the Deputy Minister of Municipal Affairs and the Executive Director of the Corporation as members, and
- (c) other members to be appointed by the Lieutenant Governor in Council and to hold office during his pleasure."

Q MR. McLENNAN: As far as you have been able to find out then, Mr. Reilly, there was no Order-in-Council creating the position of Executive Director and making Mr. Orysiuk a member of the Board of Directors of the Corporation.

A Not that I am aware of.

THE COMMISSIONER: I thought he was appointed under the Act.

3-JW-12

E.A. Reilly - McLennan Ex.

A He was in 1970; this was assented to in April 15th of 1970.

This Act repealed the Alberta Housing Act, 1968, and on the question of government guarantee of debentures -- I'm trying to put my finger on where the -- okay.

Under Section 13:

"The repayment of principal and interest of any borrowings by the Corporation and the principal and interest of, and any premiums payable under, any notes, bonds, mortgages, debentures, or other securities issued by the Corporation, whether issued before or after the coming into force of this subsection, are hereby guaranteed by the Government of Alberta."

So, I think that was the first time that there was a provision that any borrowings would be guaranteed.

THE COMMISSIONER: Could be or are?

A They are. Are hereby guaranteed by the Government of Alberta.

Q MR. McLENNAN: That's in 1970.

A 1970 legislation.

THE COMMISSIONER: I know it's 1970 but it applies to anything before.

A After that it made it retroactive.

THE COMMISSIONER: After or before?

A Issued before or after the coming into force of this subsection, are hereby guaranteed, so I think that was a piece of

3-JW-13

E.A. Reilly - McLennan Ex.

A (continued) retroactive legislation.

THE COMMISSIONER: But before that they had the power under the '68 Act.

A That's correct.

THE COMMISSIONER: And it's the '68 Act I take it we are interested in.

A That's right.

Now, as far as the Board of Directors of Alberta Housing Corporation, the legislation here sets out certain members who were appointed by the legislation, and then in 1971, Order-in-Council 327/71 dated February 22nd, 1971, had appointed W. Gordon Alexander to be a member of the Alberta Housing Corporation, effective February 16, 1971.

That Order-in-Council rescinded Order-in-Council 765/67 which was the first Board of Alberta Housing Renewal Corporation.

I don't know whether --

THE COMMISSIONER: That's as far as we need to go; I don't know whether we need to go into what happened in 1974.

MR. McLENNAN: Well, I think, sir, we are going to deal with items relating to Fort McMurray which happened last year but I don't think the constituents, members of the Board of Directors is significant, as to who they were and when they were appointed. I don't know that it has any relevance beyond the point we are at now.

3-JW-14

E.A. Reilly - McLennan Ex.

THE COMMISSIONER: We are interested in the 1968 Act really, aren't we and Order-in-Council.

MR. McLENNAN: Yes.

Mr. Reilly, there has been some suggestion that when Mr. Lansky left the Corporation, and Mr. Lansky was Mr. Orysiuk's successor, is that right?

A Yes, that's correct.

Q And when he left the Corporation that he found himself in possession of certain documents and materials that belonged to the Alberta Housing Corporation.

A Yes, I believe that some documents were returned to the Corporation.

Q Do you know of any document that Mr. Lansky might have obtained after he left the Corporation which you would have personal knowledge of?

A No, I don't. On one evening -- I believe Mr. Lansky resigned in the last part of October or the first part of November, I don't know the date offhand.

THE COMMISSIONER: What year?

A In 1973. And about a month after he resigned I got a call quite late at night and he was asking me if I could get him a file or some files, and I told him that I certainly couldn't do that since he was no longer employed by the Alberta Housing Corporation. And he talked about that for a while and so he asked me if I would look around for files and look at the files in Fort McMurray. It was quite late at night, I said, sure;

E.A. Reilly - McLennan Ex.

A (continued) and he called me about two days after that in the office of Alberta Housing Corporation and asked me if I got him the information and I said, no, I hadn't done anything on that. That was the only time. I would have no personal knowledge of Mr. Lansky having files after he had resigned from the Corporation.

MR. McLENNAN: I simply mentioned that matter as there is an allegation that another witness may wish to make and I didn't want to have to recall Mr. Reilly at a later date.

THE COMMISSIONER: All right, this is a proper time, I think; we'll adjourn until tomorrow at 9:30.

(The Hearing adjourned.)

C A N A D A
 PROVINCE OF ALBERTA
 TO WIT:

IN THE MATTER OF THE PUBLIC INQUIRIES
 ACT AND THE ALBERTA HOUSING CORPORATION

The Honourable Mr. Justice
 J. M. Cairns

Commissioner.

R. A. McLennan, Esq., Q.C.

Commission Counsel.

G. A. C. Steer, Esq., Q.C., For R. B. Orysiuk.

A. T. Murray, Esq., For William Weir.

W. A. Stevenson, Esq., and
 A. H. Lefever, Esq., For D. McColl.

J. E. Redmond, Esq., Q.C., For E. P. Achtem.

E. D. Stack, Esq., Q.C., For Gateway Building
 Supplies.

DATE: May 10, 1974.

HELD AT: Edmonton, Alberta.

VOLUME 5
 (Pages 423 - 515)

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Supreme Court Reporters

EDMONTON - ALBERTA

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R.A. Newton - Examined by Mr. McLennan

PROCEEDINGS before The Honourable Mr.
Justice J.M. Cairns, at Courtroom 15,
The Law Courts, in the City of Edmonton,
Province of Alberta, commencing at
10:00 a.m., Friday, May 10th, A.D. 1974.

THE COMMISSIONER:

Sorry I'm late, gentlemen; I was
involved with a few gentlemen on the sixth floor.

Yes, Mr. McLennan.

MR. McLENNAN:

Mr. Newton.

MR. ROBERT ARNOLD NEWTON, sworn, examined by Mr. McLennan:

Q Mr. Newton, you are a barrister and solicitor and a partner
in the firm of Parlee Irving?

A I am.

Q And that firm formerly was Clement Parlee?

A That's right.

Q And did you hear from someone from the Alberta Housing
Corporation in the late summer of 1969 in connection with a
proposed land assembly?

A Yes, I did.

Q Who did you hear from and when?

A I heard from Mr. Doug McColl first by telephone a few days prior
to August 25th, 1969; I can't be sure of the exact date of
the telephone call to me.

Q And how do you fix that date?

A I have a letter from the Alberta Housing and Urban Renewal
Corporation as it then was dated August 25th, which was the
first written communication.

Q All right. And had you and your firm been acting for Alberta

1-JW-2

R.A. Newton - Examined by Mr. McLennan.

Q (cont.) Housing and Urban Renewal Corporation, I think it was called then, for some time prior to that?

A Yes, we had.

Q And Mr. McColl was a person that was known to you then, was he?

A Yes, he was.

Q All right, and what instructions did you receive initially?

A We were advised initially that the Housing Corporation was going to undertake a large land assembly and that they wished our assistance as their solicitor in acquiring land of an unspecified amount but to a value of several millions of dollars.

Q All right, and what did you advise them?

A First, Mr. McLennan, may I state for the record and, My Lord, that I have been released from my solicitor-client privilege by the Housing Corporation and have been authorized to give all information inquired of here today.

Q I'm sorry, Mr. Newton, I should have asked you that.

A I'm sorry, I missed your question.

Q What did you advise them when they told you they wanted you to act as the acquirer, did they?

A They wanted our assistance in acquiring land.

Q Did you advise them as to your position vis-a-vis your capabilities in acquiring the lands?

A Yes, we did.

Q What did you advise them?

A We advised them that as solicitors we had no particular expertise in the actual acquisition and in view of the

1-JW-3

R.A. Newton - Examined by Mr. McLennan

A (cont.) magnitude of the project we suggested that we retain agents who were familiar with the buying and selling of land, and that we would co-ordinate the efforts of those agents to maintain the confidentiality of the principal which was the Alberta Housing and Urban Renewal Corporation.

Q All right. And did you advise them the identity of the agents you had in mind?

A Yes, we did.

Q And this was Weber Brothers, was it?

A It was.

Q And what instructions did you then receive from Alberta Housing from Mr. McColl?

A The initial instruction was by letter from Mr. Orysiuk, or signed by Mr. Orysiuk on August 25th, 1969, that we should proceed in that acquisition and that we might use agents or otherwise as we saw fit.

Q Do you have that letter?

A I do.

MR. McLENNAN: That perhaps ought to be marked, My Lord.

THE CLERK: Exhibit 30.

THE COMMISSIONER: All right.

LETTER DATED AUGUST 25, 1969 FROM
ALBERTA HOUSING AND URBAN RENEWAL
CORPORATION TO CLEMENT PARLEE
MARKED EXHIBIT 30.

THE COMMISSIONER: Does the letter contain any fee basis or any --

A I don't believe it does, it refers to usual fees and remuneration

1-JW-4

R.A. Newton - Examined by Mr. McLennan

A (cont.) but no figures or percentages.

THE COMMISSIONER: The usual fees, you mean your legal fees; is that what you mean?

A I would have to read the last paragraph, sir, before I could remember the -- the last sentence says that the Corporation, which was the Alberta Housing and Urban Renewal Corporation, will pay all normal agents' and legal fees.

Q I'll just leave you that if your wish to refer to it, Mr. Newton. What did you do then following receipt of those instructions?

A We met the following day, that is August 26th, with Mr. McColl who was to co-ordinate our efforts from the point of view of the Alberta Housing and Urban Renewal Corporation; and we also met on August 27th which was the day following with representatives of Weber Brothers to advise them of the general nature of the acquisition of land.

Q And when did you work out this fee structure?

A We received a letter from Weber Brothers Realty dated September 9th setting forth their requested remuneration, and we discussed that -- or I discussed that with Mr. McColl and with my partner, Mr. Mustard, and also with Weber Brothers Realty and we came to a decision as to what the agents remuneration would be and also what our remuneration as solicitors would be.

Q Could you tell the inquiry what conclusion you came to.

A Weber Brothers had told us that the Real Estate Board commission basis was to charge a commission of five per cent on the first \$100,000 of any land sold or acquired and three per cent on the excess.

1-JW-5

R.A. Newton - Examined by Mr. McLennan

Q Yes.

A We then arranged or suggested to Weber Brothers in view of the size of the transaction, the amount of the land and the amount of money involved that it might be appropriate to use a three per cent flat basis of commission, and they agreed. We passed that suggestion to the Alberta Housing and Urban Renewal Corporation and they agreed.

Q All right, and did you establish a rate or a formula for your firm's services?

A Yes, we did. We advised that we proposed charging the Law Society tariff on any conveyancing on the acquisition of the individual parcels of land, and that we would charge on a time basis for our work in co-ordinating the efforts in the land assembly of our agents, Weber Brothers Realty.

Q All right. And is that the way that was eventually charged?

A Yes, it is.

Q Now, did you proceed to obtain some appraisals or did Weber Brothers --

THE COMMISSIONER: I wonder if you -- I probably know it but I would like to have it on the record, who are Weber Brothers and what is their expertise? I think we probably know who they are but it's not enough just to know these things; we should have it on the record. They are experts, I take it, in land assembly and that sort of thing?

A They are a large real estate firm in the City with experienced agents in the acquisition and sale of land. They had a considerable sales force which we felt was necessary by reason

1-JW-6

R.A. Newton - Examined by Mr. McLennan

A (cont.) of the need to acquire the land as quickly as possible and we felt they were well capable of doing the job.

THE COMMISSIONER: I suppose they could have done the whole job if necessary. They had adequate staff.

A They did, sir.

MR. McLENNAN: Well, Mr. Newton, as far as you knew, at that time they were doing the whole job.

A As far as we knew; we weren't advised until some time considerably later that any other land than we were to acquire was being acquired by the Housing Corporation.

Q Now, I think I asked you --

THE COMMISSIONER: Had they wanted to, though, what I was really asking, Weber Brothers could have acquired -- they were capable of acquiring the whole thing if necessary.

A I would say so, sir.

THE COMMISSIONER: That wasn't put to you, of course, I know that.

A No, although as I say we did think we were acquiring the whole of the desired land at that stage.

THE COMMISSIONER: Yes. But had you been requested to acquire all of the land that eventually was acquired, Weber Bros. could have done it, I take it.

A I would think so, sir.

THE COMMISSIONER: And they were the kind of people that could do it.

A I would say so.

MR. McLENNAN: Were you instructed to obtain

1-JW-7

R.A. Newton - Examined by Mr. McLennan

Q (cont.) some appraisals?

A We were. The first letter which has been marked as an exhibit of August 25th, instructed us to employ Mr. Henry Siemens of Edmonton to do two spot appraisals on two named quarter sections of land within the area we were to acquire; and we were asked to instruct the appraiser to obtain the market value of those quarter sections as best he could without contacting the owner and without knowing who the principal was, namely the Housing Corporation.

Q Yes.

A And we did then after receiving the go ahead to engage Mr. Siemens on August 27th, I telephoned him and asked him to do the appraisals and followed that with a letter to him of August 28th.

Q When did you receive the appraisals? I have a copy, Mr. Newton, of a letter addressed to you from Siemens Realty dated September 9th; would that be correct?

A Yes, that's correct.

Q And is that the appraisal you received from Mr. Siemens?

A I believe that's a copy of it; I don't have a copy myself.

Q You submitted your copy to the Housing Corporation.

A I did.

MR. McLENNAN:

Might that be marked, sir.

THE COMMISSIONER:

Exhibit 31, is it?

THE CLERK:

31, sir.

LETTER FROM SIEMENS REALTY DATED
SEPTEMBER 9th MARKED EXHIBIT 31.

1-JW-8

R.A. Newton - Examined by Mr. McLennan

MR. McLENNAN: Do you recall, Mr. Newton, whether that came in the mail or was it hand delivered?

A I don't recall that.

Q Do you recall whether this was proceeding in a regular fashion or was there some urgency to the procedures you had been adopting?

A There was some urgency in obtaining the appraisals as quickly as possible .

Q And what did you do then having received the appraisal?

A I forwarded it to my client, the Housing Corporation.

Q And did you subsequently receive instructions with regard to the values your agents were to offer in order to purchase land?

A Yes, I did.

Q Do you have a copy of that letter of instruction or was that verbal?

A That was verbal instruction from Mr. McColl of the Housing Corporation, I believe on September 12th. I have my own handwritten note of the instruction we received from him at that time.

Q All right. Had you dispatched your agents, Weber Brothers, out in the field prior to September 12th?

A No, we had not. We were instructed that no actual approaches to the owners were to be made until the go ahead was given. We had asked Weber Brothers to canvass the area generally and to get an idea of what was involved, but not to approach any of the owners until after September 12th.

R.A. Newton - Examined by Mr. McLennan

Q All right. Were you sometime advised by Weber Bros. that somebody else was buying land in the area?

A Yes, we were.

Q When would that have been?

A That was immediately, the Weber Bros. agents began contacting the individual owners in the area which was, I believe, on the week-end -- September 12th was a Friday and they went out in the field, I believe that week-end and on Monday we had a report from them which indicated that land was being bought and sold in that general area.

Q And what did you do as a result of the receipt of that information?

A We advised our client, that is I advised Mr. McColl that information.

Q All right. Now, in this interim period between when you were instructed initially and September 12th when you had dispatched Webers into the field, what else had you done?

A We had merely done title searches of all the properties; we had met to consider the plan of attack. We had instructed the appraisal to be obtained and we merely were awaiting the go ahead.

Q Did you contact a trustee?

A Yes, we did speak to representatives of National Trust Company Limited to ask whether they would lend their name to hold title to the land and that offers to purchase might be made in their name as agents for an undisclosed principal, and also we had at that time in mind the possibility that the land acquired

1-JW-10

R.A. Newton - Examined by Mr. McLennan

A (cont.) would have to be held and perhaps leased or administered for some period of time. Therefore, we did discuss with National Trust whether they would allow their names to be used for that purpose and they said that they would.

2-HSA-1

R. A. Newton - McLennan Ex.

Q Now, did you receive reports on a regular basis from your agents, Weber Bros?

A Yes, we did, we received verbal reports and written reports approximately weekly.

Q And what was the procedure you followed if for example your initial authority had to be exceeded to purchase the land?

A Well if it appeared that the land couldn't be acquired for the price that we were authorized to offer Weber Bros. would so inform us, we would so inform Mr. McColl and await his instruction as to whether the maximum presently authorized could be exceeded.

Q And Mr. McColl would give you that authority and then the reverse process would occur?

A That is correct.

Q How frequently were you in contact with Mr. McColl?

A I would say daily, certainly during the initial stages of the assembly. This would be by telephone back and forth between he and I.

Q And was this always during business hours?

A For the most part, although I did receive a telephone call or two from him in the evening hours if there was something that he wished to relay immediately.

Q And did you receive any instructions regarding the approach to take if a potential owner wanted to save his residence and the surrounding land from the proposed sale?

A Yes, we were advised from the outset that if any of the owners would not sell for the reason that they wished to

2-HSA-2

R. A. Newton - McLennan Ex.

A (Cont.) maintain their homesite, that the housing corporation would permit that to be done, and that an acreage surrounding the homesite, or buildings, could be subdivided from the property and retained, with the rest of the land being purchased by the housing corporation.

Q Did that present any great problems?

A No sir.

THE COMMISSIONER: How would that be done, was that legally difficult, any legal problems?

A No, sir. We had, I think, two instances that we engaged a surveyor to establish the acreage surrounding the buildings, or homesite, and then we proceeded with applications for subdivision through the usual channels.

THE COMMISSIONER: It is a fairly normal legal step, isn't it?

A Yes, I think so.

THE COMMISSIONER: For anybody that knows what to do?

A I would say so.

THE COMMISSIONER: You didn't have to get any advice from anybody in the corporation as to how to do it, did you?

A No.

THE COMMISSIONER: I would think so. I am only asking you that for a reason, I am not just wandering with you.

A Right, sir.

Q MR. McLENNAN: When did you first learn, Mr. Newton, that Mr. Achtem was working to the south of the area that you were trying to acquire, in a similar acquisition,

2-HSA-3

R. A. Newton - McLennan Ex.

Q (Cont.) for Alberta Housing?

A Well we knew from the start that somebody was working in the area but on October 15th I received a telephone call at home in the evening from Mr. McColl who advised that the City of Edmonton and the Government of Alberta were cooperating in the land assembly; this was the first we had heard of the purpose for which the land was to be acquired, and that other agents, and I was advised that the firm of Lieber Koch and Achtem, and in particular Mr. Ed Achtem, were acquiring land to the south of where we had been working.

Our initial instructions had been that we were to acquire lands, not only in the area that we had been designated, but that if other land in adjacent or surrounding areas was available that the corporation would be interested in that as well, and so we had been submitting to them information about other possible acquisitions in that general area. However, on October 15th we were advised that other agents were acquiring land to the south and on October 17th we were advised the area in which Mr. Achtem was working, and we were requested to have our agents keep clear of that designated area.

Q Well the whole thing was made public within a day or two after that?

A Yes, I believe October 17th it was made public.

Q All right. Now, did you have a map outlining the lands that you were attempting to acquire?

A Yes we did.

Q And where did you acquire the map?

2-HSA-4

R. A. Newton - McLennan Ex.

A This map came to us with the initial letter from Mr. Orysiuk dated August 25th, 1969.

Q And it bears a number of numbers in quarter sections, whose endorsements are those?

A The dollar figures are my own, which was information I had received as to amounts or limits which might be paid for each of the portions.

Q All right, and could you explain the significance of the cross-hatching?

A Yes, the cross-hatching of the parcels in black was the area which we had initially been instructed to acquire, if possible, although certain of those cross-hatched areas were later deleted and the cross-hatching in red is my own showing the parcels that were acquired.

MR. McLENNAN: Might that be marked sir?

THE COMMISSIONER: Yes, Exhibit 32, I think.

MAP OUTLINING LANDS TO BE
ACQUIRED MARKED EXHIBIT 32.

Q MR. McLENNAN: You have some notes on the back that may be of interest, Mr. Newton, could you explain to the inquiry what those notes are?

A That is a note that I made some considerable time later. We had paid a maximum price for some of the land in our area for some land owned by McCoy Bros. Limited at the rate of \$4,500.00 per acre, and it later turned out that some portions we were unable to acquire; the asking price was close to that, or in some cases in excess of that and at that stage the housing corporation was considering the

2-HSA-5

R. A. Newton - McLennan Ex.

A (Cont.) possibility of expropriating to acquire parcels that they and we had been unable to gain by negotiation with the owners, and my note is that the \$4,500.00 per acre paid for the McCoy property will be against us, must show real reason why other land is worth less. If expropriation is a real possibility we should get an opinion as to what might be the award on an expropriation proceeding, and we would have to obtain appraisals as to values. I was just generally putting forth my thoughts respecting the possibility of expropriation and what might have to be paid, or offered, to owners whose land might be expropriated.

Q That is you had to consider, if you were going to pay anybody \$4,500.00 an acre that you would be establishing a base value for any subsequent expropriation that might take place?

A Yes, that is true, if it was adjacent land, and it had been bought on the market at \$4,500.00 an acre it might well establish the expropriation value.

Q Who did you discuss the question of expropriation with?

A In the corporation?

Q Yes?

A I discussed it with Mr. McColl.

Q And is it your recollection that at that time that the corporation was of the tentative view at least that they might have to expropriate those areas that they couldn't acquire through negotiations?

A Yes, in fact on December 3rd, we received a number of letters from the housing corporation addressed to the

2-HSA-6

R. A. Newton - McLennan Ex.

A (Cont.) individual owners with whom we couldn't deal, without expropriation, and that letter, or those letters confirmed the corporation's intention to consider expropriation, and it was for the purpose of giving the owners notice that there was an expropriation power and that it might be used if we couldn't reach terms otherwise.

Q A mild club, was it?

A Yes sir.

Q All right, and do you have copies of those letters?

A Yes I do.

Q Now, were these letters forwarded to you with the idea that the information in those letters would be communicated to the owner?

A Yes, and by that time the purchaser, the housing corporation, was known, and we were authorized to reveal to owners that it was the Alberta Housing and Urban Renewal Corporation that was buying, and these letters could be shown to the owners with whom we were trying to deal.

Q I think if we marked one of those it would be adequate, My Lord. They are the same with respect to the expropriation.

THE COMMISSIONER: Yes, they are addressed to the various people with whom you couldn't make a deal?

MR. McLENNAN: No, they are addressed to Clement Parlee, but they each refer to a separate parcel of land and Mr. Newton's evidence, as I understand it, is that the idea was that the land owner could be shown the letter to the solicitor.

A That is correct, sir.

2-HSA-7

R. A. Newton - McLennan Ex.

THE COMMISSIONER:

All right, Exhibit 33.

LETTER REFERRED TO MARKED
EXHIBIT 33.

Q MR. McLENNAN: Mr. Newton, to take you back a minute, you made rather good notes on September 12th when you spoke with Mr. McColl, would you produce those, please?

A These are my notes of conversation with Mr. McColl on September 12th.

Q And amongst your instructions received you received Mr. McColl's home phone number?

A Yes I did.

Q I presume that was with the idea that you were to contact him at any time of the day or evening, if that was necessary?

A Yes, that is right.

Q And at that time you received instructions that there was no problem cutting out a homesite if that was what was essential to make the deal go ahead, and agree to it?

A Yes, that came in that conversation.

Q You have the note, haste imperative, want people in the field immediately?

A Yes, that was Mr. McColl's go-ahead to have the agents into the field to approach the owners from that time forward. Until then they had been told, Weber Bros. had been told by us not to contact any of the land owners until the go-ahead was given.

Q Mr. Newton, can you recall for certain that it was the 15th of September when you notified Mr. McColl that somebody

2-HSA-8

R. A. Newton - McLennan Ex.

Q (Cont.) else was out there buying land, or whether he learned of that in your conversation of September 12th?

A I believe -- I don't think I can be precise on that. There is a note on my September 12th notations that, others are actively optioning land in this general area.

Q Yes?

A And I believe that was our first knowledge, as a result of communication from Weber Bros. that this was happening, and that I communicated that to McColl on or about September 12th.

Q Yes. My information, which may not be accurate, is that when you communicated with Mr. McColl on September 12th that others were actively optioning in the area, he then said, get men in the field immediately?

A That could well be, I wouldn't want to be precise about that.

Q All right. Perhaps we should mark your original notes.

THE COMMISSIONER: Exhibit 34.

ORIGINAL NOTES OF MR. NEWTON
MARKED EXHIBIT 34.

MR. McLENNAN: I think that is all the questions
I have of this witness.

THE COMMISSIONER: Gentlemen?

MR. STEER: Are you waiting for me, sir?

THE COMMISSIONER: I am sorry to wake you up.

MR. STEER: No, sir, it is Friday, sir.

THE COMMISSIONER: Toward the end of the week, yes.

MR. STEER: I thought Mr. Redmond was going

2-HSA-9

R. A. Newton - McLennan Ex.

MR. STEER: (Cont.) first, however it is a matter of no mode, sir.

MR. STEER EXAMINES THE WITNESS:

Q Mr. Newton, what instructions did you receive with regard to confidentiality?

A We were advised that the whole assembly was to be kept in the strictest of confidence and that our agents were not to be informed of the client, and in fact we didn't even open our file in the name of the client, so that no one in the office would obtain that knowledge, that is in our office.

THE COMMISSIONER: You mean that Weber Bros. weren't to know for whom they were acting?

A That is correct, sir, they were not to know.

Q MR. STEER: That was going to be my next point. You did not disclose to Weber Bros. for whom you were acting either?

A No sir.

Q And with regard to the reduction of the commission to 3%, do I understand right that Weber's first suggestion to your firm was 5% on the first hundred thousand?

A That is correct.

Q Yes, and it was as a result of you looking at the situation that the suggestion was made that it would be reduced to 3?

A That is correct.

Q Now, there was a map -- as the land assembly went forward you found that there were certain properties, I

2-HSA-10

R. A. Newton - McLennan Ex.

Q (Cont.) gather, that could not be acquired at the values which had been worked out at the beginning of the process?

A Yes.

2-MTH-1

R.A. Newton - Steer Ex.

Q Now, would I be correct that it was not until the closing period, the last part of this project that any suggestion was made that expropriation, the power of expropriation, would be used?

A That's right. It was in the later stages.

Q And in point of fact, it wasn't until December 3rd, 1969 that you received any authority at all with regard to using the threat of expropriation, and I don't use that word in any nasty sense, that's correct, isn't it?

A Yes. It may have been discussed between myself and Mr. McColl earlier but there was no authority from the Housing Corporation to mention that to the owners until December 3rd or later.

Q That's fine. In other words, if it was discussed between you and Mr. McColl earlier, it certainly wasn't on the basis that it was going to be used as a bargaining point with the owners at that stage?

A No, not until December 3rd or later.

Q And that would be because of the confidentiality, wouldn't it? One would know immediately it was some governmental authority as soon as one was threatened with expropriation?

A That's true but the confidentiality disappeared on October 17th.

Q Well, certainly before October 17th, it would have destroyed the confidentiality to threaten expropriation?

A Yes.

Q Certainly. And then even after it was disclosed that it was Alberta Housing Corporation and the City of Edmonton, the threat of expropriation even then, was not authorized until the

Q (continued) time you've told me just a few moments ago, that's correct, isn't it?

A That's correct. My client had no desire to expropriate. The desire was to acquire voluntarily at market value.

Q Yes, at a fair bargain?

A Yes.

Q So that with regard to McCoy Brothers, it was originally, was it, at \$4,000?

A No, sir. The original prices we were authorized to offer were between \$2,500 and \$3,500 an acre.

Q Those are pencilled?

A Yes. The pen figure of \$4,500 is the amount that was paid to acquire it.

Q I see. And is the date of acquisition on there?

A No, it's not.

Q Do you know when McCoy Brothers was acquired?

A My note says October 10th, 1969.

Q And that was at a time when expropriation wasn't authorized?

A That's right.

Q Now, your note on the back of Exhibit 23, was that made in or about or during the latter stages of this development?

A Yes, it was.

Q That would be in what, around December, when the letters which we were just looking at were received then, is that correct?

A Yes, I would say so.

Q Did you generally find that the planned acquisition values

2-MTH-3

R.A. Newton - Steer Ex.

Q (continued) that were originally --

THE COMMISSIONER: -- I'm sorry, when did you say, Mr. Newton, that the property was acquired, the 10th of what?

A October, sir.

Q MR. STEER: Did you find generally that the planned acquisition values that you originally put on your map, had to be exceeded to get the land?

A In the majority of cases, they did have to be exceeded.

Q And with regard to McCoy Brothers, that excess was quite substantial?

A Yes, that was the highest price paid for any land that we acquired.

Q And it was \$2,500 to \$3,500 and you paid \$4,500 an acre?

A That's correct.

Q That's about right --

A Isn't it?

Q Yes, it is correct. Then with regard to Mayr, and is that Berube,, is that the way you pronounce that?

A Yes.

Q Again, it was \$2,500 to \$3,500 and you purchased it at \$3,200?

A That's correct.

Q What is this figure of, down there - purchased at \$4,100?

A That is for the --

Q Oh, that's somebody below?

A That's for the parcel owned by Mr. Clarkson, was purchased at \$4,100 an acre.

2-MTH-4

R.A. Newton - Steer Ex.
- Redmond Ex.

Q And the Berube land was what, at \$4,000, or \$4,060?

THE COMMISSIONER: I thought you said thirty-two.

MR. STEER: No, that was the Mayr land, sir,
M-a-y-r.

A The Berube land, I can't be precise about because the gentleman, the three gentlemen who owned that property went directly to the Corporation and sold it to them.

THE COMMISSIONER: There was a judgment about Mr.
Berube.

MR. STEER: Those are all the questions I have,
sir.

MR. REDMOND EXAMINES THE WITNESS:

Q Mr. Newton, I believe I understood you to say that the thought that a real estate agent should be brought in to assist you in this matter was your idea or your firm's idea, is that right?

A No, I don't say that. The initial letter from Alberta Housing Corporation dated August 25th, stated that we might act as agents in acquiring it ourselves or employ agents in that acquisition. The decision as to which route was ours.

Q And your decision was that you contacted or suggested contacting Weber Brothers, is that right?

A That's right.

Q Now, sir, when you were approached, you indicated I think, that you were told this was to be a large acquisition although

2-MTH-5

R.A. Newton - Redmond Ex.

Q (continued) you weren't given the full particulars as to what land or how much?

A That's correct.

Q And I take it that no one really had had any experience that you knew of, in this kind of a large land acquisition in this area? You yourself hadn't?

A No.

Q And did you have any idea how long it might take to acquire all the land that was needed?

A No, we didn't. We knew that the Housing Corporation was anxious to acquire it as quickly as possible and were hopeful of doing so within about a month but we had no idea how long it would actually take. It took considerably longer.

Q No doubt you were aware of the possibility that it might take longer than initially suggested?

A There was a possibility.

Q In other words, you just didn't really know how long you were going to be engaged in this project?

A Not at the outset.

Q As a lawyer in practice, Mr. Newton, it's obvious that you weren't in a position yourself to ignore the rest of your clients and undertake a land acquisition that would occupy your full time for an unspecified period of time?

THE COMMISSIONER: Surely that's a matter of cash.

If someone was going to pay him enough --

MR. REDMOND: There is no evidence that Mr. Newton was prepared to do it, sir. You weren't prepared to do it?

2-MTH-6

R.A. Newton - Redmond Ex.

THE COMMISSIONER: Give him a bicycle and a lot of money and he would have --

Q MR. REDMOND: -- you indicated that you wouldn't undertake this yourself?

A We didn't seriously consider undertaking it ourselves with our firm but not for time factor reasons but rather because we felt that because of the size of the transaction and the amount of money involved, the need for speed if possible, that we should have several agents in the field who were experienced in the purchase and sale of realty.

Q And also the fact that you would be able, by retaining Weber Bros., to have a number of people working on it and not be confined to doing it yourself?

A That's correct.

Q And Weber's did have a large staff of people that could go out?

A They did. They had a large staff.

Q So that their situation was that being a large firm, they could devote people to this job and still carry on with the rest of their real estate business? They wouldn't be confined entirely to this project either?

A That's correct.

Q Now, sir, the parcels that you were instructed to acquire I gather were either inside the City boundaries or quite close to the City boundaries?

A That's correct.

Q They would have a higher market value or a higher appraised

2-MTH-7

R.A. Newton - Redmond Ex.

Q (continued) value than parcels farther south?

A That's correct.

Q Would it also be correct that many of the parcels that you were attempting to acquire, as you found when you got into it, were owned by companies that used or might use the property for industrial purposes?

A Yes, there were some of those properties.

Q And some were owned by groups of people, syndicates and that sort of thing?

A Yes.

Q They weren't mainly farmers?

A I wouldn't be able to speak as to mainly or otherwise. There were a smattering of farmers and there were some businessmen and groups and some companies. There was a variety of ownership in the area that we were dealing.

Q Do I understand, Mr. Newton, that you first approached Weber Bros. on August 28th. Is that when you had your first discussion with them?

A We had a discussion with them on August 27th, I know; I think that that was the first.

Q And in that discussion with them, I take it you asked them if they would quote you a fee for doing this acquisition?

A Yes. Well, I can't recall specifically asking them at that meeting. Their quotation came along later.

Q Well, the point I was trying to make, sir, is that you apparently started discussing it with them around the 27th or 28th of August and you didn't get a quotation of fees until

2-MTH-8

R.A. Newton - Redmond Ex.

Q (continued) the 12th of September, is that right?

A I'm not sure that that's right. I think we got a quotation perhaps on the 9th of September. We hadn't been pressing them for any quotation but it was a matter of concern to them and to our client from the outset.

Q My note is that you got the letter which first told you what their fees were going to be or suggested what they would be, on September 12th. Was I wrong in that?

A It was September 9th.

Q Was that a letter or a phone call?

A It was a letter.

Q In any event, your recollection, Mr. Newton, is that it was September 9th, was it, that you first got a statement as to what fee they wanted?

A Yes, I have a letter from Weber Bros. Realty dated September 9th, suggesting a schedule of fees for optioning or purchasing.

Q Now, Mr. Newton, in addition to the amount of the commission that you were to be paying to Weber Bros., I take it there were also to be fees, not for legal work such as conveyancing but fees paid to you on an hourly basis for the time that you spent in connection with the land acquisition and this would be the talking to Weber Bros., giving them instructions, obtaining information from them and communicating with the Alberta Housing Corporation and getting their instructions and their advice?

A First of all, we didn't pay any fees to Weber Bros., our client did. But we did have an arrangement with our client

2-MTH-9

R.A. Newton - Redmond Ex.
- McLennan Ex.

A (continued) so far as our legal fees were concerned, that it would be a tariff on the basis of actual parcels acquired plus an hourly rate for the work done in coordinating the land assembly.

Q So that the actual acquisition costs would include both the commission that was paid to Weber Bros. and also whatever amount you billed for your time in working on the matter in coordinating it with the Housing Corporation and Webers?

A That's correct.

MR. REDMOND: That's all, thank you.

MR. STEVENSON: No questions, sir.

THE COMMISSIONER: All right.

MR. McLENNAN: There is one thing I think we should clear up, My Lord.

MR. McLENNAN EXAMINES THE WITNESS:

Q Mr. Newton, how much were your firm's fees to coordinate Weber Bros. and A.H.C.?

A Our total legal fees, which included the tariff on the parcels acquired plus the general work in coordinating the assembly, were \$13,000, give or take a hundred dollars or two.

Q How much of that would have been tariff on conveyancing?

A I don't think I can give you that precisely from the information I have now.

Q Approximately will do?

A The time on the general file that was spent was about one hundred twenty hours and we billed that at \$30.00 an hour.

R.A. Newton - McLennan Ex.

A (continued) Now, if you do the arithmetic, you'll get the amount that was related to the general work and if you subtract that from the \$13,000, you'll get the difference which was the tariff.

Q So you did the general work for about \$3,600 - one hundred twenty times thirty?

A If that's the arithmetic, that's the answer.

Q Arithmetic isn't your thing??

A No, it isn't.

THE COMMISSIONER: Give it to me because I don't propose to do it.

Q MR. McLENNAN: One hundred twenty hours at \$30.00 an hour would be \$3,600, I believe. That would be very, very substantially less than 2% of the value of the lands you purchased?

A That's correct.

Q Now, whatever instructions you received to elevate the offering price to a proposed owner, you would have received from Mr. McColl?

A That's right.

Q And the original speculation perhaps, was that this whole thing was going to be accomplished in a month?

A That was the hope of the client, the Housing Corporation.

THE COMMISSIONER: Well, the difficulty was that you weren't instructed to start until the 12th, were you?

A That's right, sir.

THE COMMISSIONER: And then the thing sort of blew up

R.A. Newton - McLennan Ex.

THE COMMISSIONER: (cont.) on the 17th; it made it quite difficult?

A That's right. We had not finished at the time it was announced publicly on October 17th. There was still a great deal more to be acquired.

THE COMMISSIONER: You only had five days, that's all, except for what you were doing before. I don't know what you were doing before.

A It would be from September 12th or thereabouts until October 17th, so that's about a month.

THE COMMISSIONER: Oh, until October. Oh, I see, yes.

MR. McLENNAN: Might Mr. Newton be excused, My Lord?

THE COMMISSIONER: Yes. Thank you very much.
(Witness retires.)

2-JW-1

L. Gudlaugeson - Examined by Mr. McLennan

MR. McLENNAN:

Mr. Gudlaugeson.

LEONARD GUDLAUGESON, sworn, examined by Mr. McLennan:

Q Mr. Gudlaugeson, you are associated with Weber Brothers?

A That's right.

Q And what's your title and position with that company, sir?

A Senior vice president and manager of industrial commercial investment division.

THE COMMISSIONER: You'll have to speak louder, I'm sorry I can't hear you.

A Oh. Senior vice president and the manager of the industrial commercial investment division.

Q MR. McLENNAN: And how long have you been in the real estate business, sir?

A Approximately 22 years.

Q And how long have Weber Brothers been in existence?

A Since 1911.

Q Now, in 1969 you received a --

THE COMMISSIONER: Could I just get this again, you are senior vice president and what other specialty did you --

A Manager of the industrial commercial investment division.

MR. McLENNAN: In 1969 your firm received an assignment from Clement Parlee as it then was?

A That's right.

Q And the assignment was that you were to be retained as agents for an unknown principal?

A That's right.

Q To acquire lands in south-east or south-east of Edmonton.

L. Gudlaugeson - Examined by Mr. McLennan

A That's correct.

Q And you quoted or discussed a fee for your services?

A We did.

Q Who was that conversation between?

A Originally with Mr. Bill Mustard of the same firm and subsequently confirmed and followed up with Mr. Newton.

Q All right. And I understand the fee ended up to be 3% of the value of the lands you acquired.

A That is right.

THE COMMISSIONER: Not 3% of the value, 3% of what you paid.

MR. McLENNAN: I'm sorry, sir, 3% of the purchase price.

A Right, 3% of the purchase price.

Q Which with any luck at all would reflect value?

A Hopefully.

Q All right. And was there some negotiation at arriving at that 3%, sir?

A Actually, no, sir, very little negotiations. I was simply asked what the normal fees were which have already been revealed here and I stated that after a little bit of talk back and forth that I would be satisfied with 3% for a number of reasons. Number one, I think was the fact that when you are provided with a vendor and the purchaser, vendors and purchasers, it cuts down on the amount of work necessary. Secondly, of course, was what I understood to be the size of the deal; I think that those were my two main reasons for

L. Gudlaugson - Examined by Mr. McLennan

A (cont.) agreeing to a lesser commission.

Q Okay.

A Which was quite normal on large deals.

Q Even at 3% this was a pretty good job.

A We weren't about to turn it down.

Q No. Now, on the week-end following September 12th, 1969 I understand you had men go out and commence contacting owners with the view to buying.

A Are you asking me the first action we took, sir?

Q No, I'm -- well, tell us the first action you took.

A Well, the first action we took at the request of our solicitors was to make a survey of the area. We, of course, had no idea what this was all about. We were asked to make a survey which we did; we came back with a preliminary report as to the typography, type of soil, pipelines, buildings involved. In other words just a general report on the area, that some was in the City, some land was just out of the City, some would be fairly high priced land, some was acreages, et cetera.

Q I see. All right, and some time after September 12th then you received instructions from Mr. Newton to get your men out and start buying.

A Right.

Q What can you recall of those instructions?

A Our instructions were based on a letter received setting out the various parcels of land and also setting out the price range that we were authorized to commence negotiations.

Q Was there any instructions regarding the urgency of this matter?

L. Gudlaugeson - Examined by Mr. McLennan

A Yes, yes. We were advised that it was quite urgent.

Q And when did you get men out in the field?

A I'm not exactly sure of the date but when we received the final notice we had men in the field the next day, in fact the next morning.

Q And who did you have out?

A Personnel-wise?

Q Yes.

A I had three men and myself. The other men involved being salesmen employed by Weber Brothers in the persons of Mr. Abe Segal, Mr. Bert Forseth, and Mr. Joe Hrubizna.

Q Where would those three people fit in the real estate agent profession?

A As salesmen of the company.

Q Yes, but in the profession generally are they -- do they have any reputation?

A They were members of the industrial commercial investment division; they were all men of long experience and quite professional men. Some with degrees, real estate degrees behind their names and all had a fair amount of experience with land assembly, as the industrial commercial field quite often involves the assembly of land of various types.

Q They are three pretty capable guys, are they --

A Very much so.

Q -- in the real estate business.

A Very much so.

Q Now, you subsequently encountered some competition, I under-

2-JW-5

L. Gudlaugeson - Examined by Mr. McLennan

Q (cont.) stand, in some of the parcels you were trying to acquire.

A Only in one parcel, as I recollect; that is within our own designated territory.

Q Yes. Which parcel was that?

A That was the one that we knew as the Graunke land but I believe it's known here as the Homestead Holdings.

THE COMMISSIONER: What was that name again?

A What was known as Homestead Holdings now, I understand.

MR. McLENNAN: Homestead Holdings.

A Pardon me, no, pardon me; Mill Creek Syndicate. Graunke and Mill Creek Syndicate, same piece of land.

Q Graunke is G-r-a-u-n-k-e?

A Right.

Q And while that is shown on Exhibit 32 as W.A.E. Graunke, it in fact was being held under an agreement by a group of people who called themselves the Mill Creek Syndicate.

A Right, that is the ultimate result, although there were, we discovered through a process of investigation, and confirmed by I think no less than four or five reports to our solicitors that there were, in fact, several owners in between. But that's where it ended up, with the Homestead -- with the Mill Creek Syndicate.

Q All right. Did you endeavour to buy that quarter section from the Mill Creek Syndicate?

A I believe we did make one offer; I may have to go through the series of letters to definitely establish that, sir.

2-JW-6

L. Gudlaugeson - Examined by Mr. McLennan

Q Well, aside from making one offer did you endeavour to buy it, endeavour to acquire it?

A Oh, yes, we did.

Q And were you able to acquire it?

A No.

Q And who did acquire it?

A On --

THE COMMISSIONER: It was in your area, I take it.

A It was in our area, Your Honour, yes.

THE COMMISSIONER: Yes.

A On October the 23rd we have an internal memo, I believe -- yes, an internal memo to the file in which we were advised by our solicitors that an offer had been made by someone else in the amount of seventeen hundred and at that time we were instructed not to do anything else until the Government decided whether to accept or reject it; and as it turned out that was the last I heard of the deal until the action was pretty well all over and we learned, of course, it had been sold.

Q And did you learn who bought it?

A We understood that the Alberta Housing had ended up as owners, but if there was an interim buyer, I do not know.

Q Didn't you have some arrangement to split the commission on that quarter with Mr. Achtem?

A After we -- yes, this took place long after the entire operation had been completed, and I had our Mr. Joe Hrubizna approach Mr. Achtem as we understood that he had sold it for -- or reported, and I emphasize the word reported, because we

2-JW-7

L. Gudlaugeson - Examined by Mr. McLennan

A (cont.) had no verification of this, the reported price of three hundred and eighteen thousand dollars, and in view of the

--

THE COMMISSIONER: What do you mean he had sold it, I didn't quite follow that.

A Well, that he had been the agent.

THE COMMISSIONER: Our information was that Mr. Achtem was buying similarly to your company.

A Yes. What I actually mean is he had consummated the sale --

THE COMMISSIONER: The purchase.

A The purchase, quite right. And in view of the rather large amount of work that we had done on the situation we approached Mr. Achtem, or my man did, and after a considerable amount of negotiation an agreement was reached whereby we shared the commission with Mr. Achtem to the extent that our firm received \$4,000 which if the mathematics are figured out, works out to some \$770 less than 3% of half the selling price.

Q MR. McLENNAN: So you got a per cent and a half or thereabouts.

A We got about a per cent and a half or something like that. That was the arrangement.

Q However, one horse, one rabbit split.

A Pardon me?

Q It was sort of a one horse, one rabbit split.

THE COMMISSIONER: You didn't get one half of 5%?

A No, we had \$4,000 out of --

THE COMMISSIONER: You said you got one and a half

2-JW-8

L. Gudlaugeson - Examined by Mr. McLennan

THE COMMISSIONER: (cont.) per cent which was half of your normal fee.

A A little less actually of the whole deal.

THE COMMISSIONER: All right.

MR. McLENNAN: Now, Mr. Gudlaugeson, was Weber Brothers capable of acquiring the whole of the lands that were assembled in this Mill Woods project?

A Yes.

Q That is it wouldn't have unduly taxed your facilities to have your men out there for two months or whatever it took.

A We could have done it very handily.

Q Now, perhaps you could tell the inquiry, there is some suggestion been made as to the ease with which you could acquire more expensive land from people like McCoy Bros. as compared to farmers who farm the land. Now, do you have any observations in the relative ease with which one could buy land from the persons in your area as against the persons involved in the area to the south of the land that you acquired?

A Yes, with reference specifically to the land in the west end generally speaking, which was in some cases inside the City limits and I believe some portions, if I remember correctly, were just outside the City limits, this land was owned primarily by companies, syndicates, in some cases wealthy individuals, all of whom seemed to have tax problems as is quite normal and it seemed that a good number of them did not -- well, they just didn't want to sell.

THE COMMISSIONER: They wanted to have more trouble where they could sell it for more later.

L. Gudlaugeson - Examined by Mr. McLennan

A This is right, this is very right.

And, of course, another contributing factor was that due to the fact that they were hard to deal with and they had various problems, you had to take more time with these problems. We ended up with, most of these people being in the tail end of the transactions, and, of course, the moccasin telegraph works pretty well --

THE COURT REPORTER:

I'm sorry, the which telegraph?

MR. McLENNAN:

Moccasin telegraph.

A That's word of mouth, works pretty well. And the longer the period of time naturally the higher the prices are that you have to contend with.

I might add, though, that the east end portion of our assignment of land did contain some strictly farm land and this is the area where we made our first deals; the prices, of course, were considerably less than in the area that I have just spoken about.

Q All right. Now, you subsequently learned, of course, that Mr. Achtem, on behalf of the Corporation, was buying land to the south of the area in which you worked.

A That is right.

Q Do you have any observations or opinions, sir, as to what effect it had on this whole land assembly to have someone out in the same general area two weeks before you got out in the area buying land unbeknownst to each other for the same principal.

A Well, I think I would make this observation, that it only makes common sense that it would affect the valuations in the

L. Gudlaugeson - Examined by Mr. McLennan

A (cont.) minds of the owners due to the fact as I said before, this news spreads very, very quickly. And I think it made the job more difficult, yes.

Q It made your job more difficult?

A I think so, yes, because --

Q What do you --

A -- I might add --

Q I'm sorry.

A -- that we had only been in the field a matter of a very few days when we encountered these reports from the people that we were dealing with, which was entirely new to us.

Q And what do you think it did to the values or the prices that you had to pay?

A I think that's a very difficult question to answer, sir. I think it made it more difficult to negotiate; whether -- I think that depends on how good negotiators we were.

Q All right. Now, are there any problems as far as you were concerned with subdividing out a home site if some potential vendor wanted his home site out?

A No, there were no problems, just a matter of time, naturally.

THE COMMISSIONER: But you did encounter that type of thing, did you?

A We did, yes.

MR. McLENNAN: Would you answer my learned friends, please.

THE COMMISSIONER: Which of you wish to examine first.

2-JW-11

L. Gudlaugeson - Examined by Mr. Steer

MR. STEER EXAMINES THE WITNESS:

Q I suppose the people in the area knew that your three men were Weber Brothers employees going around buying land or trying to buy it.

A That's correct.

Q Yes. The land to the south of the area you were interested in is largely agricultural, is it not?

A I would say so, yes.

Q Had you bought on the ground first yourself with your three men before somebody got into the agricultural land, how do you think that would have affected the agricultural land?

A I don't think that it would have affected the situation other than naturally when you have one agent or a group of buyers who come to talk to you about your land and then subsequently or very shortly after that you have another group, I think the thinking of the owners would be quite obvious, there is something really going on here.

Q Yes, and what happened really was they started with the cheaper land in the south which was agricultural land, is that correct?

A I would say so, yes.

Q And you told us, I think, that at some stage you got a letter of instructions from as it then was the Clement Parlee firm --

A Right.

Q -- setting out parcels and prices.

A That's right.

Q What was the date of that letter?

A September 15th.

2-JW-12

L. Gudlaugeson - Examined by Mr. Redmond

MR. REDMOND EXAMINES THE WITNESS:

Q Mr. Gudlaugeson, you told us, I think, that it was Mr. Hrubizna who first spoke to Mr. Achtem about the granting of some commission on the Mill Creek Syndicate land to Weber Brothers?

A He was the chap that I had doing most of the negotiating -- I'm not sure whether the was the first one that spoke to me about it.

Q You didn't speak to him yourself initially about that?

A I don't recollect that, no.

THE COMMISSIONER: You don't let one agent muscle in on another agent, that's all.

MR. REDMOND: Now, Mr. Gudlaugeson, the time when that discussion first took place with Mr. Achtem then about arranging some sort of a share of the commission is not something that you know about personally, is that right?

A Oh, I certainly do because we collected the funds and I have a record of that.

Q Yes, but the discussions that led to that are not within your personal knowledge.

A No, I would say the actual word by word discussion; no.

Q Well, isn't it correct, Mr. Gudlaugeson, or do you know that Mr. Achtem approached your firm about this and suggested that he could acquire the land and would be prepared to offer some part of the commission to your firm if he were permitted to do so?

A I can't answer that question, I don't ...

2-JW-13

L. Gudlaugeson - Examined by Mr. Redmond

Q You don't know?

A No.

Q All right. Now, as far as this matter of persons who wanted to keep their home sites when selling their land in connection with this acquisition, you would, I think, wouldn't you, Mr. Gudlaugeson, face some decisions in a request of that sort; you would have to decide, for example, how big a home site they should have, that is whether you would give them the house and an acre or the house and ten acres. Those things would come up in each case, wouldn't they?

A That's correct.

Q And that would involve some decision making as to how big a parcel the Housing Corporation was prepared to let them have?

A That's right.

Q And to follow up a little further the questions Mr. Steer asked you on the effect of the commencement of land purchasing, isn't it correct that no matter how you approached it you are always going to find that some people are going to be more ready to sell than others; some will sell quickly, some will haggle and wait for a while.

A This is correct, but I don't see what bearing that has on the question raised.

Q Well, we'll get to that; but that's a fair statement, isn't it?

A Oh yes, yes.

Q So you are always going to be in the situation, aren't you, that no matter who is doing it, if you start buying land in a large area of land, some people are going to sell before

2-JW-14

L. Gudlaugeson - Examined by Mr. Redmond

Q (cont.) others and the ones who wait are going to find out that the others sold.

A That's correct.

Q The moccasin telegraph gets that information around.

A You can't get them all at once.

Q That's right. So no matter what happens you are always going to have some people who are going to hold out and wait to see what's going on.

A That's right.

MR. REDMOND: All right, thank you.

THE COMMISSIONER: Mr. Stevenson?

MR. STEVENSON: No questions.

THE COMMISSIONER: Fine, thank you very much.

A Thank you.

(The witness retires.)

MR. McLENNAN: Can we take ten minutes now, sir.

(Hearing adjourned for 10 minutes.)

3-HSA-1

M. F. Collins - McLennan Ex.

MICHAEL FRANCIS COLLINS, sworn, examined by Mr. McLennan:

MR. STANTON: Sir, I am appearing on behalf of
Mr. Collins, my name is Stainton.

THE COMMISSIONER: What are your initials, please?

MR. STANTON: J.

Q MR. McLENNAN: Mr. Collins, you are a principal
of Collins Development Corporation Limited?

A That is correct.

Q And I understand that you are acquainted with Mr. Robert
Orysiuk?

A Yes, he is my neighbour.

Q And sometime in 1972 a company called Perma Development
Limited was organized?

A Perma Development Company.

Q Perma Development Company Limited?

A Not limited.

Q I am sorry, when was it incorporated?

A It was incorporated, I believe, in December or October,
1972.

Q December, 1972?

A I believe, I am not quite sure, I would have to confirm that.

Q All right, but Perma Development Company, a partnership?

A Yes.

Q Was organized sometime prior to that?

A Right, I believe May, 1972.

Q And that company consisted of yourself, Michael F. Collins?

A Right.

3-HSA-2

M. F. Collins - McLennan Ex.

Q Your brother Mr. John F. Collins?

A Correct.

Q And Mr. Orysiuk and Mr. Rod Matthews?

A Correct.

Q And what was the purpose of that organization?

A The purpose of it was to develop an apartment building in Inuvik in the North West Territories.

Q All right, and had someone done some preliminary work on that?

A A brother of mine had made a trip in there I believe in January, 1972, to take a look at the market and he came back and made a report and said that it was a good area to build, and we got together and decided to go ahead with an apartment building.

Q Had you done business with Mr. Matthews before?

A Yes, he has been my accountant for about 15 years.

Q Yes, and you and your brother were well known to Mr. Matthews?

A Yes, we were in business.

Q And could you tell me why Mr. Orysiuk happened to join your group?

A Well Mr. Orysiuk, like I say, before he was a neighbour of mine and we became friends, and ultimately we became business partners.

Q In connection with Perma?

A In connection with Perma Development.

Q And was there any discussion between you and Mr. Orysiuk as to the potential conflict that might exist because of

3-HSA-3

M. F. Collins - McLennan Ex.

Q (Cont.) his occupation?

A At an informal meeting, we never kept minutes of that meeting, unfortunately, but at an informal meeting prior to us forming the company, I am not sure whether my brother mentioned it or I did --

THE COMMISSIONER: You mean prior to forming this company, or the partnership?

A Pardon me?

THE COMMISSIONER: You mean prior to forming this limited company, or the partnership?

A The partnership, yes, prior to the partnership. That item was brought up and I believe my brother asked the question, or put it forward as to the conflict of interests regarding Mr. Orysiuk, and Mr. Orysiuk replied that there would not be a conflict of interest because his jurisdiction was in the province of Alberta and we were building in the Territories, and he said that he would satisfy us, I don't know how, I don't remember exactly how he would satisfy us, but he said he would satisfy us in this regard, that there would be no conflict.

Q Was there any discussion of his board of directors or the Minister?

A We just assumed that he would possibly get a letter or something to that extent from his superiors.

Q All right. Now, did the matter of his potential conflict of interest come up again in connection with the development of Perma?

3-HSA-4

M. F. Collins - McLennan Ex.

A Yes, as a matter of fact just after we received a commitment from the mortgage company regarding the mortgage we had received the commitment and the documents, I believe, were ready for execution, and the mortgage manager, I believe his name is Mr. Larry Marshall, from Royal Trust, called me in and said that the company was very much concerned regarding one of the principals in our company, Mr. Orysiuk, regarding maybe a conflict.

Q Yes?

A So I phoned Mr. Orysiuk and asked him to call Mr. Marshall, and I understand subsequently he called on Mr. Marshall and the branch manager for Royal Trust, and there was a discussion.

Q You weren't present at that discussion?

A I wasn't present. Mr. Marshall assured me that Mr. Orysiuk -- or he told me that Mr. Orysiuk assured him that there was no conflict, and that he would look after the matter.

Q Okay. Now, how long after that did Mr. Orysiuk sell his shares in Perma?

THE COMMISSIONER: Well this is a partnership up until now.

Q MR. McLENNAN: Well I presume you incorporated a company before you got a mortgage?

A Yes, we had to incorporate a company for the purpose of acquiring the mortgage.

Q And is that because you had to personally guarantee the mortgage?

3-HSA-5

M. F. Collins - McLennan Ex.

A That is correct, yes.

Q So this conversation, I take it, between you and Mr. Marshall of Royal Trust, and then subsequently with Mr. Orysiuk and Royal Trust?

A Right.

Q Would have taken place sometime after December 1972?

A No, this conversation took place prior to December, '72. I would say it was late September or maybe the 1st of October.

Q All right. When did Mr. Orysiuk sell his shares in Perma?

A I think the effective date of the sale was January 31st, 1973.

Q And the group had assembled when?

A May, 1972.

Q All right, and he sold his shares for how much?

A \$25,000.00.

Q And had he made any investment in the company up to that point?

A Except for interim financing by way of signing a note at the bank. I am not sure how many he signed, but I believe that evidence would have to come from the bank manager.

Q Well was there any cash investment?

A No there wasn't.

Q And how was it that Mr. Orysiuk sold his shares, how did that occur?

A Well the details I am not familiar with. All the documents

3-HSA-6

M. F. Collins - McLennan Ex.

A (Cont.) are with our lawyer.

Q Well how was it that he came to sell his shares?

A Oh, well we had a discussion regarding selling the whole company, or selling the project, or he asked to have a discussion or meeting, and the rest of the partners weren't in favor of selling the project and Mr. Orysiuk approached me regarding selling his shares.

Q And you were agreeable to that, and bought them?

A Yes, the rest of the partners were agreeable and we subsequently bought them.

THE COMMISSIONER: Did the three of you buy them?

A Yes.

Q MR. McLENNAN: And how did you arrive at the consideration of \$25,000.00?

A I am not sure how it was arrived at. I think we figured on the equity involved. We did a projection at that time because the project was not completed. We never had our cash flows established or things like that and so it was a little hard, and we made an offer, I believe, of \$20,000.00 and Mr. Orysiuk wanted twenty-seven and we finally settled at twenty-five.

Q All right. Now, during your initial organization meetings, was Mr. Orysiuk assigned any particular area of responsibility?

A Yes, he was to help in the design and planning of the building along with the architect, plus he was to acquire the mortgage, or work on it.

3-HSA-7

M. F. Collins - McLennan Ex.

Q And from whom was it expected that he would acquire the mortgage?

A I believe the first application was made to Morguard Trust.

THE COMMISSIONER: Who?

A Morguard Trust. The second was made to Kinross Corporation. The last one was to Royal Trust Company.

Q MR. McLENNAN: Wasn't it anticipated in the beginning that you could get financing from Central Mortgage and Housing Corporation?

A We did get financing through Central Mortgage and Housing Corporation, they guaranteed the loan, or assured the loan finally with Royal Trust, and of course, they would have done that with either of the other companies also.

Q Now at about the same time, Mr. Collins, Collins Bros. -- I am sorry, Collins Development Corporation Limited, was applying for a loan, or loans from Alberta Housing Corporation?

A That is correct.

Q Was there another application by a company called Argus Development Corporation Limited?

A Yes, that was after Mr. Orysiuk left, I believe it was made in June or July of 1973.

Q I see. Did you have discussions with Mr. Orysiuk in connection with the Collins Development Limited loan application to Alberta Housing Corporation?

A Yes, as a matter of fact we met in his office with I believe Mr. McColl, Mr. Pollard, and I believe Mr.

3-HSA-8

M. F. Collins - McLennan Ex.

A (Cont.) Fyfe, that is when we initially took in the application -- I am not sure if it was when we took in the application or when we sat down and had a general discussion regarding the application.

THE COMMISSIONER: Would this be prior to the time that you sold -- or purchased his shares?

A Yes it was.

Q MR. McLENNAN: Did you ever end up getting the loan from Alberta Housing Corporation?

A No we didn't.

Q After Mr. Orysiuk left the corporation did you retain him to see what he could do to get the loan cleared through Alberta Housing Corporation?

A Well after many weeks of frustrations and phone calls, we had already started construction on the job, I did call Mr. Orysiuk after he left and said, what is the problem, I have to have some answers, I don't know why we haven't got a loan, we didn't get specific answers from the corporation, and I thought he could help.

Q Well did you retain him?

A Not retain him, it was just a phone call.

Q Well I mean was there any formal hiring of Mr. Orysiuk?

A No, definitely not, I didn't ask him to do anything specific, he just volunteered that he would call on Mr. McColl and find out what is happening, maybe just some minor holdup in the thing.

Q And he was doing that as a friend, as against --

3-HSA-9

M. F. Collins - McLennan Ex.
- Stainton Ex.

A Yes, he said he would look into it because he didn't know the reason why himself, that we didn't get the loan, we met all the qualifications necessary.

Q So as far as --

A We were waiting because winter was coming on at that time, we had done one week of construction on the job, and at a cost of approximately \$15,000.00 money spent, and, of course, we weren't given a formal commitment, we just assumed with no commitment from the housing corporation that we would get the loan, and for that reason we went ahead and started construction.

Q Did you receive any benefit or assistance that was unavailable to anyone else, as far as you could determine?

A Definitely not.

Q From your involvement with Mr. Orysiuk in a business way?

A Definitely not, I could reverse that actually, I think. We were treated the opposite way, I think, but nevertheless --

Q It was a drawback insofar as your business was concerned?

A Yes, insofar as I was concerned. It was a bad deal.

MR. McLENNAN: Would you answer my friends, please?

MR. STAINTON EXAMINES THE WITNESS:

Q MR. STAINTON: The purchase of Mr. Orysiuk's shares of Perma Development, would you consider that purchase by the other three partners to be a good investment?

A I would think so.

Q MR. STAINTON: Have you made money on it?

A Yes.

3-HSA-10

M. F. Collins - Stainton Ex.

Q What was the original purpose that you arranged for Mr. Orysiuk to be one of the partners of Perma Development?

A I had just sold a steel company and didn't have too much experience in the development business and I was friends with Mr. Orysiuk and I was quite impressed with his capabilities as a planner or drawings, plans, etc., etc., and I thought he might be a real asset to the development business.

THE COMMISSIONER: What happened to the personal guarantees? I guess the business was a success so it didn't matter, did it?

A Well Royal Trust has still got them, I guess.

THE COMMISSIONER: Well he didn't know whether they had or not, the other day when I asked him.

A Well I understand they still have them, sir.

THE COMMISSIONER: Pardon?

A I understand they still have them, sir.

THE COMMISSIONER: Sometimes in a case like that the guarantee will be dropped on the condition of the sale, but apparently it wasn't.

A I think he had to make a specific application to have it released, and he didn't, possibly, I don't know.

Q MR. STAINTON: Referring now to the mortgage application Collins Development made to the Alberta Housing Commission, was this application, the original one, made to Mr. Orysiuk in particular, or was he involved in any way at the time?

3-HSA-11

M. F. Collins - Stainton Ex.

A Well it wasn't made to Mr. Orysiuk. Like I said before we met with Mr. Orysiuk and his group over general discussion as to the type of buildings we were going to build, how many we were going to put on the sites, site layouts, how these buildings would market, or how they would rent, and just a general discussion, before we got into an application, and the application just went in as a normal application. I believe I dealt with it myself to Mr. Fyfe's office, who was, I think, the mortgage manager at the time.

Q During the period of time subsequent to making the application who did you deal with in Alberta Housing?

A I think I talked to a gentleman by the name of Mr. Engelman, who I think was either doing accounting there -- I am not quite sure of his position in the corporation, but nevertheless I took financial statements to him and I had several conversations with him about the financial situation of Collins Development, etc.

Q Did you at any time attempt to keep Mr. Orysiuk's connections with Perma Development a secret?

A Definitely not. It was common knowledge in the corporation, from everyone that I talked to over there, and I had been there regarding meetings, and when the fellows got to know me and they said, how is the development coming in Inuvik, etc., etc.

MR. STAINTON:

I have no further questions,

thank you.

3-HSA-12

M. F. Collins - Steer Ex.

THE COMMISSIONER: Anybody else interested?

MR. STEER: Could I ask a question or two,
My Lord?

THE COMMISSIONER: Certainly.

MR. STEER EXAMINES THE WITNESS:

Q Mr. Collins, I just wanted to get it clear; originally Perma was a non-incorporated, what would it be, a partnership?

A Just a partnership, yes.

Q And did I understand you correctly that that was organized in May of 1972?

A It could have been approximately May, I don't have the exact records. I have got some minutes of meetings here. We had a meeting held on May 15th, we held a meeting for the purpose of forming the company.

Q So that we are right in our date, we are talking May of '72 when your association with Mr. Orysiuk developed?

A Correct.

Q And then there was no incorporation of the company until December of '72?

A It was earlier than that, I believe, it came at a time that we had a commitment but before we could execute the documents, in order to sign personal guarantees we had to have a company limited.

Q It would be towards the end of '72?

THE COMMISSIONER: Mr. Stainton may have that date.

MR. STAINTON: My Lord, I am unable to provide

3-HSA-13

M. F. Collins, Steer Ex.

MR. STAINTON: (Cont.) the exact dates.

Q MR. STEER: It was toward the end of '72?

A Yes, it was close to the end of '72.

Q Now, are you able to tell me, sir, when it was that Collins Development -- what was the name of that company, Collins Development Corporation Limited?

A That is correct.

Q Made its application to A.H.C. for a loan?

A October 16th, 1972.

Q I had an understanding that it was in March of '72?

A I saw something in the paper to that extent, but that is incorrect.

Q That is incorrect, it was in October?

A Right.

Q Now, you had known Mr. Orysiuk, I take it, for some years before he became involved in the Perma Development scheme?

A Yes, I have known him since I moved into the district. He was there before me, I believe, but I have known him since oh, September, 1969, approximately.

Q So it is three or four years we are talking about?

A Yes.

Q And you, of course, knew him as a neighbour and knew that he was the head of Alberta Housing Corporation?

A Yes I did.

Q And one of the reasons, or the only reason. am I correct, that he was taken in, was that you and your brother had

3-HSA-14

M. F. Collins - Steer Ex.

Q (Cont.) been in the iron business, had you not?

A We had just sold a steel company, or we were in the negotiation stages of selling a steel company.

Q Yes, and you didn't have any experience in the kind of business of getting a piece of land in Inuvik and getting the finance?

A Not much. The only experience we had was dealing with general contractors and developers, selling them steel.

Q And by virtue of your acquaintance with Mr. Orysiuk, and your knowledge of him, you were of the view that he had expertise in this field, is this correct?

A That is correct.

Q And the reason you wanted him in Perma Developments was because he did have expertise in this field?

A That is correct.

Q And you were -- you told us you talked to Mr. Orysiuk about his position in Alberta Housing and about whether it was right for -- or you felt it was right for him to come in into Perma?

A Yes, well we had been in business for some time before this and we had a pretty good reputation and we just wanted to make sure that there was no conflict there.

Q Yes, and as I understand it Mr. Orysiuk's position was, well here is a development up in Inuvik, is completely unconnected with anything I am involved in in Alberta, and there is no problem, isn't that correct?

A That was, I think, the basic understanding.

3-HSA-15

M. F. Collins - Steer Ex.

Q And you made some, as you told us, some assumptions, but you never pursued the matter any further, and then the next time the problem came up was in -- would it be October or November of 1972?

A It is around the end of September, somewhere in October. I know we had a mortgage commitment, mortgage documents came through and they had to be executed, and that is the time that the problem came up.

Q And then the problem came up again, but until then there had been no problem?

A No, not really of any consequence.

Q Now, did Mr. -- what did you say the gentleman's name was in Royal Trust?

A Larry Marshall.

Q Did he indicate to you that Royal Trust had had a problem of this kind down in the Maritimes and therefore they felt cautious?

A That is right.

Q So Royal Trust was reacting in this fashion to Mr. Orysiuk because something had happened someplace else in the country?

A Yes, they had that type of experience before, apparently.

Q And you didn't know what had happened down in the Maritimes, but he did mention it?

A Yes he did, they did have a conflict apparently before.

3-MTH-1

M.F. Collins - Steer Ex.

Q And was that then the reason you telephoned Mr. Orysiuk and asked him to go and see this gentleman?

A The reason was that I wanted to get a mortgage and wanted to get it fast, principally.

THE COMMISSIONER: But you didn't have your company then, did you?

A We were in the stages of forming a company limited also at that time.

Q MR. STEER: So you asked Mr. Orysiuk to go in and see him?

A Yes, I asked him to go down and call on Mr. Marshall.

Q And there were, I believe, a couple of discussions that Mr. Orysiuk attended at the Royal Trust, is that correct or do you know?

A I remember being there with him once more but I wasn't present when he attended himself with Mr. Marshall.

Q I understand you weren't present at either meeting with Mr. Marshall?

A Yes, all the partners dropped in once but I don't remember what it was about.

Q Oh, I see. No, I'm talking about when Royal Trust raised the problem?

A No, I wasn't. I don't know how many times Mr. Orysiuk attended regarding that matter.

Q Now, did you get any information from Royal Trust or from Mr. Orysiuk that Mr. Orysiuk's position with the Royal Trust was, he took the same position as he took originally, that the

3-MTH-2

M.F. Collins - Steer Ex.

Q (continued) matter was outside of Alberta, up in Inuvik and there was therefore no reason to be concerned?

A I don't know how he exactly sat on the matter but nevertheless, Royal Trust accepted us and went ahead with the mortgage and I assumed that everything was okay.

Q So that as a result of the discussions that Mr. Orysiuk had with the Royal Trust, the mortgage went through in the ordinary way?

A Yes, pretty well.

Q Thank you, sir. Now, with regard to the company, Collins Development Limited, is that what it's called?

A Corporation Limited.

Q It applied for a mortgage to Alberta Housing Corporation and at the time it did so, which I think you told me was October, again of 1972?

A That's correct.

Q It was common knowledge that Mr. Orysiuk was in Perma Development --

A -- I assumed it was.

Q You heard it mentioned?

A I dropped into the place and people would say casually, well, how's your project going in Inuvik? How did they know, I didn't tell them.

Q At any rate --

THE COMMISSIONER: -- what was the connection between the two, the Collins company and this company, Perma, if any?

M. F. Collins - Steer Ex.

Q MR. STEER: I was just going to ask that.

THE COMMISSIONER: All right.

Q MR. STEER: I'm obliged to you, sir. There was no connection between Collins Development and --

THE COMMISSIONER: -- you're going to ask it or are you going to tell him?

A Do whichever you wish.

MR. STEER: I had assumed what I was going to put to him was correct otherwise, sir, he would answer no or yes as the case may be.

THE COMMISSIONER: That's fine.

Q MR. STEER: However, I'll ask you: was there any connection between Perma and Collins Development Limited?

A No, just two partners in Collins Development, John Collins and myself.

Q Yes?

A We wholly own the company and of course we were partners in Perma Development Company also.

Q And Mr. Orysiuk had no interest in Collins Development Corporation?

A Definitely not.

THE COMMISSIONER: Well, were they both engaged in the same project in Inuvik?

A Definitely not, sir.

Q MR. STEER: Perma Developments, the partnership was engaged in a project up in Inuvik, in the Northwest

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M.F. Collins - Steer Ex.

Q (continued) Territories?

A That's correct.

Q And Collins Development Limited, at this stage, was interested in a piece of property in Grande Prairie?

A We had bought a piece of property and we were interested in building fifteen fourplexes on it.

Q And was the only reason - the meeting that you had, Mr. Orysiuk was present and several other members of the Corporation, Mr. Fyfe was one?

A I believe so. It's a long time, almost two years; I believe it was Mr. Fyfe, Mr. McColl and Mr. Pollard. Now, I could be wrong - and Mr. Orysiuk, but it was just for a general discussion and to meet the people that would be responsible for the application of this mortgage.

Q So you would know who you had to deal with in the Corporation?

A That's right; you could call them after.

Q And your application was made in the usual way?

A Yes, I have a copy of it here.

Q And then you received a letter from the Corporation which is marked as an Exhibit here, I believe, Mr. Collins? This is the letter you received, sir, is it not?

A Yes.

Q That's the one there?

A Yes.

Q You did receive this letter?

A Addressed to my brother, Mr. John Collins, yes.

Q You of course saw it?

A Yes.

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M.F. Collins - Steer Ex.

Q And Collins Development didn't regard this letter as any form of commitment, did it?

A No, definitely not.

Q It's quite clear it wasn't?

A That's right.

THE COMMISSIONER: Exhibit what?

Q MR. STEER: Exhibit 11, My Lord. And clearly, you understood that you were going to have to comply with all the requirements?

A That's right.

Q Of A.H.C. if you were going to get your mortgage?

A That's correct.

Q Just the same as anybody else?

A That's right, sir.

Q At no time did you actually get any assistance from Mr. Orysiuk whatsoever with regard to this mortgage?

A No, we were --

Q -- during the time he was there?

A We were aware of the situation and we tried to stay away from getting involved.

THE COMMISSIONER: What situation are you referring to?

A The fact that we were partners with him in Perma Development Company.

Q MR. STEER: So you weren't trying to get any benefit by virtue of your association with Mr. Orysiuk, whatsoever?

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M. F. Collins - Steer Ex.
- McLennan Ex.

A Definitely not.

MR. STEER: Certainly not. Those are all the questions I have.

MR. STEVENSON: No questions.

MR. McLENNAN FURTHER EXAMINES THE WITNESS:

Q Mr. Collins, you say it was common knowledge in the Corporation that you and your brother and Mr. Orysiuk were partners in the Inuvik enterprise?

A Seemed to be, yes.

Q And your mortgage application commenced with a meeting whereby Mr. Orysiuk introduced you to these people that are involved in the processing of loans?

A Right.

Q Now, did you later determine that some of the difficulties that were encountered with obtaining a mortgage on the Perma proposed development, were as a result of Mr. Orysiuk being one of the shareholders in the company?

A We were never told as such but we assumed that that was the problem.

THE COMMISSIONER: Where was this? I didn't quite follow you.

Q MR. McLENNAN: Well, did you receive information subsequent to some mortgage refusals that led you to believe that because Mr. Orysiuk was a partner in your proposed development, the mortgage company didn't want to have anything to do with it?

A Yes, when you look back and see conflicts that happened in the

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M. F. Collins - McLennan Ex.

F.C. Colborne - McLennan Ex.

A (continued) past because Government basically, employees being involved and there may be a conflict, mortgage companies I think shy away from loaning to parties of such

--

Q It obviously disturbed people. It disturbed you when you started?

A It sure did.

Q Okay, thank you. Just let me put it on the record: did you receive any, did you offer any benefit whatsoever to Mr. Orysiuk if you could have got the Grande Prairie loan?

A Definitely not.

MR. McLENNAN: I have nothing further, Mr. Collins.

MR. STANTON: Might he be excused?

THE COMMISSIONER: Yes, go ahead.

(Witness retires.)

MR. McLENNAN: Mr. Colborne.

FREDERICH CHARLES COLBORNE, sworn, examined by Mr. McLennan:

Q Mr. Colborne, you are a former Minister of the Crown of this Province?

A That is correct.

Q And when did you first become a member of the Legislative Assembly?

A 1944.

Q And you acquired a portfolio then?

A My first, I was first Minister without Portfolio in 1955 and became Minister of Public Works in 1962, December.

Q And you eventually became Minister of Municipal Affairs?

A Yes, I became Minister of Municipal Affairs on May 27th, 1969.

Q And amongst the responsibilities of that portfolio was the
A Alberta Housing and Urban Renewal Corporation?

A That is correct.

Q Now, I believe one of the first matters you dealt with in connection with the Corporation, we'll call it, was the Mill Woods proposal or the land assembly proposal for the City of Edmonton?

A Yes, that is correct.

Q Could you tell the Inquiry how that came about?

A Well, early in my tenure of office as Minister of Municipal Affairs, I became aware of the fact that there was a great discrepancy because the cost of ordinary residential lots in the City of Edmonton and in the City of Calgary from whence I came. In enquiring why this was so, because this was a contributing factor in the high cost of housing and the difficulty of providing low cost housing for low income people, I was informed that there was a severe shortage of land being made available for residential development in Edmonton because of the fact that most of the developable land was held in the hands of large developers. That was one of the reasons. The other reason was that the City of Edmonton itself, because of some of its practices in servicing land, was very slow in servicing residential land to enable it to come on the market and therefore, there was not enough competition in my view between developers and there was not

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F. C. Colborne - McLennan Ex.

A (continued) enough land coming on the market to produce low cost residential lots.

As a result of that, having written early, as Minister of Municipal Affairs, to both the Mayor of Edmonton and the Mayor of Calgary, asking them, offering the cooperation of my Department in solving any of their particular problems and expressing the hope that we could work together to solve whatever municipal problems they had, this subsequently led to a meeting with Mayor Dent and Peter Bargaen to discuss some of Edmonton's problems, the major of which was the problem concerning low cost housing.

Q That would have been, you say in what month in 1969?

A Well, I think it was probably late in July or early in August that that meeting took place.

Q And were you advised at that meeting that the City of Edmonton had been contemplating a land bank type of assembly?

A Well, I think what happened was that I raised the question as to why the City of Edmonton could not produce enough lots to meet the need and therefore reduce the cost of building lots and in the course of that discussion, the idea of a land assembly developed and the City of Edmonton said that they had had their eye on an area in the southern, adjacent to the City on the south, which would make a good development and they thought that the land could be assembled and acquired and the thing evolved from there very rapidly.

Q And what did you do after that, that is did you delegate --

A -- yes --

Q -- something to the Alberta Housing Corporation?

A Yes, we undertook with the City of Edmonton at that meeting that we would assemble the land in that area for a land bank type operation and then would make the land available to the City of Edmonton as rapidly as they were capable of servicing the land and putting it on the market.

Q All right.

A I then instructed the Housing Corporation - well, I discussed with the Housing Corporation whether or not they were capable of doing this job, the feasibility of it and they assured me that the operation could be carried out. I was concerned about the necessity for secrecy with respect to the operation and that it be done as rapidly as possible, at the same time acquiring the land of course, as cheaply as it could be obtained under those circumstances. And being assured by the Corporation heads that this operation could be carried out and seeing that they were enthusiastic about the whole idea and that the City was, too, I told them to proceed.

Q The Corporation subsequently retained two agents, Clement Parlee, a law firm, and Lieber Koch and Achtem, another law firm. Were you consulted with regard to the selection of those firms?

A No, I was not.

Q Were those firms, as far as you're aware, on any list of firms that would be considered acceptable by the Government?

A We didn't have such lists.

THE COMMISSIONER:

That's in Ottawa.

Q MR. McLENNAN: The selection then of those firms was wholly within the jurisdiction of the personnel of Alberta Housing Corporation and if they were selected any other way, you don't know anything about it?

A That is correct. As a matter of fact, I was surprised first of all that they used law firms because my original anticipation was that the Corporation would do this with their own personnel. When I found out that they had used a couple of law firms, I enquired as to why and I was then told that the Corporation did not have the personnel who were capable of doing this that could be released for that operation that didn't have other duties that wouldn't --

Q Who advised you of that, do you recall?

A Mr. Orysiuk.

THE COMMISSIONER: I understand, Mr. Colborne, that while they may not have had personnel in their own employ in that Corporation, that there were persons in the Department of Municipal Affairs and the Department of Highways who might have been able to have done this had they been retained to do it?

A Yes, I'm sure that within the Government service there were people who could have been retained to do it. I think that within the Corporation itself, there were some people who had the capabilities of doing it but the explanation I was given was that this was a faster and quicker way of doing it having regard to the fact that the Corporation wasn't overstaffed and that all of the people we had in our employ

A (continued) were employed at duties that required their attention everyday. This was the sort of operation that had to be done on a full-time basis and quickly.

Q Now, leaving that subject: in August and September of 1969, the Corporation made arrangements for the borrowing of two point two million dollars in West Germany and the necessary authorizations, Order-in-Council and Provincial guarantee were given in September of that year to effect that loan and my question, Mr. Colborne, is what recollection do you have of giving anyone authority to proceed to negotiate that loan?

A I didn't give authority to anyone to negotiate that loan.

Q And what would have been your procedure, had someone approached you in August of 1969 and advised you that they wanted to borrow a couple of million dollars for the purposes of the Alberta Housing Corporation? Would you have followed any particular procedure?

A Well, having regard to the fact that at the beginning of August, 1969, I had been active in the job only five weeks, I would certainly not have acted on my own initiative with any knowledge that I had about the operations of the Corporation at that time, to authorize any such loan. I would certainly have discussed it with my Deputy Minister first of all and perhaps even the Provincial Treasurer, depending on the results of my discussions with the Deputy.

Q Can you recall any such discussions?

A I had no discussions with the Deputy about such a loan at all.

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F.C. Colborne - McLennan Ex.

THE COMMISSIONER: Did you say you discussed it with the Provincial Treasurer?

A No, I said that I would have if --

THE COMMISSIONER: -- if you knew about it because you didn't know about it?

A Depending, yes, and if I had known about it, I would have discussed it first of all with my Deputy Minister and then, depending on the results of that discussion, how satisfied I was with respect to the thing, I probably would have gone to Mr. Aalborg about it.

THE COMMISSIONER: Who was the --

A -- he was the Provincial Treasurer, yes.

Q MR. McLENNAN: Now, Mr. Colborne, this Inquiry has heard evidence that Mr. Orysiuk had requested authority from you to proceed to Montreal to negotiate a borrowing of 2.2 million and that he solicited and obtained your permission to travel outside the Province. Do you have any recollection of such conversations?

A No, I do not.

Q Would you expect that you would remember, had you been involved in such conversations?

A Well, I think if I had been involved in some conversation in which Mr. Orysiuk was seeking my authority to go to Montreal to negotiate a loan with Germany, that I would certainly remember it.

Q Now, an Order-in-Council was obtained, authorizing the Provincial Treasurer to guarantee borrowings of the Alberta

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F.C. Colborne - McLennan Ex.

Q (continued) Housing Corporation. Can you recall when you first heard of the particulars of this loan that I have mentioned, the 2.2 million dollar loan to the Main Bontal Bank or from the Main Bontal Bank?

A I don't recall having heard of the particulars of the loan at all.

THE COMMISSIONER: There was an Order-in-Council passed but it was a general Order-in-Council, I understand, Mr. Colborne, whereby the Corporation could borrow up to \$15,000,000 because it didn't have that power before?

A Well, no, as I recall it, the Corporation had authority to borrow up to \$15,000,000 prior to that but only from Central Mortgage and Housing Corporation. I think that was the situation. Then later on, because Central Mortgage and Housing Corporation's funds were inadequate to meet the needs of any of the Provinces, I think, certainly the ones that were active in trying to develop housing programs of various kinds, it was thought that we were going to have to go to the open market for borrowing and that in order to do so, it would be necessary that the Corporation have authority to borrow other than from C.M.H.C.

MR. STEER: My Lord, I think what Your Lordship was referring to was a Bylaw of the Corporation. There was a specific Order-in-Council with regard to this particular loan, is that not correct?

A Not that I know of.

MR. McLENNAN: I don't believe so, Mr. Steer.

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F.C. Colborne - McLennan Ex.

THE COMMISSIONER: I didn't think there was.

MR. McLENNAN: I think it was a general authority.

THE COMMISSIONER: I don't think there was an order.

MR. STEER: It couldn't be a general authority.

My Lord, we have been labouring under some considerable misunderstanding if what my friend says is correct. The Statute says quite clearly that the Corporation, the Province may guarantee upon the authority of the Lieutenant-Governor, an Order of the Lieutenant-Governor in-Council and the guarantee of the Province recites, says, on the authority of an Order-in-Council, specific Order-in-Council.

MR. McLENNAN: I'll produce it, Mr. Steer, if I:
can find it.

THE COMMISSIONER: Yes, but there was a Bylaw passed - the Company passed a Bylaw in respect of the borrowing up to \$15,000,000. You see, as Mr. Colborne points out, they had authority to borrow from C.M.H.C. but then they passed another Bylaw to authorize borrowing other than C.M.H.C., as I understand it.

A As I understand it, Your Honour, that is where the action initiated that resulted eventually in an Order-in-Council ratifying, I presume, ratifying the Bylaw of the Corporation.

Q MR. McLENNAN: Yes, I'll produce it for you, Mr. Colborne. I'm showing you what purports to be a Xerox copy of an Order-in-Council number 1638/69?

A Yes.

Q Do you recall that particular Order-in-Council?

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F.C. Colborne - McLennan Ex.

A Well, I'm sure since it says, on the recommendation of the Honourable Minister of Municipal Affairs, that I must have requested that the Order-in-Council be prepared.

Q Now, at the time --

THE COMMISSIONER: -- that's Exhibit what? Isn't it an Exhibit?

MR. McLENNAN: No, I don't think it is, sir. It isn't in yet.

THE COMMISSIONER: All right.

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F.C. Colborne - Examined by Mr. McLennan

Q At the time, Mr. Colborne, that that request was made by you, it was apparently fixed as to what the terms of this borrowing from West Germany were; if you were aware of those terms, is that the kind of thing you would be expected to put before cabinet in soliciting this Order-in-Council?

A I'm not sure I understand the question.

Q Well, if you had known the terms of the borrowing in West Germany that was to be guaranteed pursuant to this authority, is that the kind of information you would be expected to put before cabinet in obtaining the Order-in-Council?

A Yes.

Q Any doubt about that?

A None whatever.

Q All right, now, going to a third matter, it came to your attention --

THE COMMISSIONER: This is Exhibit what?

THE CLERK: 35, sir.

XEROX COPY OF ORDER-IN-COUNCIL
1638/69 ENTERED AND MARKED EXHIBIT
35.

Q It came to your attention in 1970 that the Corporation had entered into a lease for warehouse space with Mr. Edward Achtem; can you tell the inquiry as to how that came to your attention.

A I'm not really certain how it came to my attention; I think perhaps it was as a result of a phone call from an Edmonton lawyer who put before me the claim that this lease -- that the terms of this lease were -- what term should I say, exorbitant,

A (cont.) that they would return to the owner of the property an unconscionable return and this type of thing. And he stated to me his understanding of what the lease contained.

I then inquired into the lease and I found that the lease in no way paralleled what he thought it did, that it was substantially less and that it did not appear to be unreasonable insofar as the return to the owner was concerned. But I also discovered at that time that the property had been leased from Mr. Achtem prior to him acquiring ownership of the property, and this concerned me very much because in the Department of Public Works we had a firm policy that we did not deal in property with anyone who had no registered interest in the property. In other words, when anyone attempted to offer us in Public Works property for lease or purchase, the very first thing we did was search the titles and find out who the owners were; and if the person attempting to deal with us was not the owner then we would have nothing to do with them. And I was very much concerned that this had happened; I talked to Mr. Orysiuk about it, I expressed my concern to him and outlined to him what our policy ought to be, that it should parallel what we always did in Public Works. And in considering what to do about the situation I asked Mr. Orysiuk to go to Mr. Achtem and ask Mr. Achtem to sell that property to us at the price he paid for it.

Q And were you advised subsequently that that was carried out?

A Yes.

Q And that the Corporation had acquired the warehouse at the

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F.C. Colborne - Examined by Mr. McLennan
- Examined by Mr. Steer

Q (cont.) price Mr. Achtem paid for it?

A Yes, at Mr. Achtem's cost.

MR. McLENNAN: Would you answer my friends, please.

MR. STEER EXAMINES THE WITNESS:

Q Mr. Colborne, I gather from what you have just been telling my friend that this was a new policy which you instituted at that time with the Department of Municipal Affairs once you saw what had happened with regard to the warehouse.

A Yes, I think it would be fair to say that no such policy had been laid down prior to that, to my knowledge in any case. And I put this incident down to -- oh, simply a lack of understanding that governments can't do those things that are commonly done in industry, that we have to be more careful than that.

Q I'm much obliged to you, sir.

Now, I think that in September of 1969 you would have been in your post as Minister of Municipal Affairs for something like four months, is that correct?

A Well, depending on what time in September you are talking about.

Q Well, you started in May, I think, with the Department.

A I was appointed in May of 1927 (as stated by witness) but perhaps I should explain that when the Premier asked me to become Municipal Affairs Minister I told him after discussing it with him and considering the situation, I told him that I would be willing to take on the new portfolio providing I could have some vacation prior to that, knowing that once I

A (cont.) took on the portfolio I wasn't going to get any.

Q Right.

A And so it was agreed that I would have the vacation which I had already planned, and it was my understanding at first that I would not be appointed as Minister until after I returned from my vacation. But for his own reasons and because there was a number of changes being made in cabinet, the Premier wanted to make the appointment on May the 27th, and when I said, well, I didn't like the idea of being appointed and then going on vacation, he said, well, he thought it would be all right because he would have the existing Minister continue on as Acting Minister until I returned. He would be the first Acting Minister in my absence. And so on that basis I went on vacation and I returned from vacation, I believe, on the 23rd of June and started in work then on the Monday, I think, which was the 24th.

Q So that approximately the 24th of June then you became active as the Minister of Municipal Affairs?

A M-hm.

Q So that it would be about three months then that you had been the Minister in August --

A If you are talking about September 24th, yes, not September 1st.

Q And in August it would be approximately two months that you had been active as the Minister, July and August.

A If you are talking about the end of August, yes.

Q Or a month and a half. Now, the Minister of Municipal Affairs

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F.C. Colborne - Examined by Mr. Steer

Q (cont.) is a very busy portfolio, is it not?

A Yes, it is.

Q They have the Housing Corporation, what other areas were within the jurisdiction of the responsibility of that Minister, sir?

A Well, it's so diversified I'm sure I couldn't remember all of them offhand, but basically we had the urban municipalities legislation to deal with, that's the cities, towns and villages, all of them in the Province. We had all of the rural municipalities in the Province to deal with; we had the administration of all of the Improvement Districts or the unorganized parts of the Province. We had Hutterite legislation to administer, the Housing Corporation -- oh, a number of pieces of legislation associated with this. We had Planning Act, we had the assessment of the Province, the equalized assessment, and many more that don't come to mind right now.

Q Quite, sir. And you were as the Chief Officer of that Department, receiving reports daily with regard to all the matters that the Department was responsible for, am I correct?

A No.

Q I am not?

A Well, no, I wouldn't be receiving reports daily.

Q No.

A From any of them.

Q On a regular basis, however, you would be getting reports with regard to the situation in various areas of responsibility.

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F.C. Colborne - Examined by Mr. Steer

A Yes, I would be getting reports and having consultation and discussion with those matters basically that were brought to my attention by the Deputy Minister.

Q Yes, sir, and you would work long hours every day?

A Oh, certainly. At the beginning -- as a matter of fact I can't recall that ending.

Q And that was always the case with the Minister of the Crown, wasn't it.

A Well, it was with this one.

Q Yes. And, sir, am I correct that a Provincial employee cannot travel outside of the Province without getting the permission of someone in authority?

A That is correct.

Q And in this case --

THE COMMISSIONER: I imagine that's limited somewhat, Mr. Steer, I mean he could go on vacation, surely. You mean on government business.

MR. STEER: I am obliged, sir; I meant at government expense.

You understood me to mean that?

A Yes.

THE COMMISSIONER: I did too.

MR. STEER: I'm sure you did. I'm glad you corrected me.

And in this case Mr. Orysiuk would get the permission of his Deputy Minister, I would assume, would he?

A Well, he should first get the approval of his Deputy Minister,

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F.C. Colborne - Examined by Mr. Steer

A (cont.) but I think perhaps the Minister would finally authorize the travel --

Q I see.

A -- sometimes after the travel had been done.

Q Yes. And in this case it's clear that Mr. Orysiuk did travel to Montreal, do you understand that, sir?

A Well, I understand that is the evidence that has been given.

Q And the information I have is that the Provincial Government did pay his expenses for that trip, would you agree with that?

A I presume so.

Q Yes. And I also understand, sir, and I don't know whether you have any information on this point, but Mr. Morrison who was your Deputy, was absent for some reason or other at the time that Mr. Orysiuk made this trip to Montreal. Did you know that?

A I'm not aware of that. He may have been but I wouldn't recall it.

Q Yes, and would you agree with me, sir, that if Mr. Morrison was away he would have to get his permission from someone else if he was going to get his expenses paid?

A Yes.

Q Yes.

A Well, I'm not sure that those two things are really tied together. I wouldn't want to testify that that was the case. I don't think that prior to paying such expense accounts that anyone required the production of authorization to travel, but that may have been the case. I don't have first hand

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F.C. Colborne - Examined by Mr. Steer

A (cont.) knowledge that that was the situation.

Q Oh, I see. Well, we do have some evidence here that that is the position and, in fact, a memorandum to indicate that is the position.

Now, there was an Order-in-Council filed -- sir, the Order-in-Council that we have here which you identified, would there be more than that page to it? It says page 1.

A I don't know. I would think perhaps there was more to it because I would think that it should contain at the bottom of it the signature of the president of the Executive Council.

Q Yes. Now, in addition to that, sir, as I understand the Order-in-Council, the Executive Council has under consideration the report of the Honourable the Minister of Municipal Affairs, dated September 5th, 1969; so that on September 5th, 1969 you prepared a report to the Executive Council for the purpose of obtaining this Order-in-Council.

A Well, I didn't prepare any report; there may have been a report prepared by the Deputy or someone delegated by him.

Q So that the report which, of course, under the system you carried the responsibility for it, would have been prepared either by your Deputy, Mr. Morrison, or someone whom he told to prepare it?

A Yes, and then it would have been passed to me.

Q And then it would pass up the line. Now, that report as I mentioned was apparently prepared, signed by you and dated September 5th, 1969.

A Well, do we not have a copy of it?

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F.C. Colborne - Examined by Mr. Steer

Q No, sir. I had assumed it had gone to cabinet and it would be a secret we couldn't get.

A I see. Well, I think what it would be is what we commonly called a recommendation for Order-in-Council.

Q Yes.

A And it would contain basically the same information that the Order-in-Council subsequently contained in any case.

Q What I am interested in, it's dated September 6th, 1969.

A I see.

Q That's correct, isn't it? Because the Order-in-Council so recites.

A I presume so.

Q Yes.

MR. McLENNAN: Mr. Steer, I should perhaps advise that the present Minister of Municipal Affairs has conducted a search and they have been unable to locate that particular report.

MR. STEER: I'm obliged.

MR. McLENNAN: The report apparently is a generous description of what I understand to be a routine request, the very same words as the Order-in-Council that subsequently issues.

A In most cases that would be the situation, because the Order-in-Council itself was not --- were not prepared by the Departments or Ministers, they prepared a request for Order-in-Council and that was sent on to the Clerk of the Executive Council, I believe, and I'm not sure of the routine that they

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F.C. Colborne - Examined by Mr. Steer

A (cont.) went through. Eventually it mysteriously arrived at cabinet and if it didn't arrive soon enough to meet the urgency that might be attached to it then the Minister would inquire as to where the Order-in-Council was because we had to get it through, that type of thing.

MR. STEER:

And also explain the purpose.

A Well, in cabinet the Orders-in-Council were all read out to the Ministers and if any Minister had occasion to question, they would question them at that time.

Q But the thing I am interested in, sir, is the date, and the date of your report, if I might call it that, which we can't find, apparently, was September 5th, 1969; is that correct?

A Well, I don't know.

Q Well --

A This is what it says.

Q You will accept what the Order-in-Council says on its face, won't you?

A Well, that doesn't appear to be the complete Order-in-Council. But in any case I would agree that it's unlikely to be any other date but September 5th --

Q I am obliged to you, sir. Thank you.

A -- that the request for Order-in-Council was made.

Q And were you aware, sir, that the minutes of the Alberta Housing Corporation dated September 4th dealt with this loan?

A No.

Q Well, I'll just ask you, sir, the chairman who signed the minutes is Mr. Morrison; that's his signature, isn't it?

F.C. Colborne - Examined by Mr. Steer

A Right.

Q And Mr. Stewart, was he the Deputy Minister of Municipal Affairs -- not of Municipal Affairs, of what?

A Mr. Stewart?

Q Yes.

A He would be the Deputy Provincial Treasurer, I believe.

Q Thank you, that's what I was trying to think of.

Now, with regard to Mill Woods, sir, I understand that when you made your original contact, the City had already been investigating this area to the south-east of the City of Edmonton which is now known as Mill Woods.

A My recollection is that it was Peter Borgen who volunteered the information that there was an area south of Edmonton that he considered a likely place for an assembly such as we were discussing.

MR. STEER: Fine, I think that's all I have.

THE COMMISSIONER: Mr. Redmond?

MR. REDMOND: Just one moment, sir.

THE COMMISSIONER: While we are waiting, did you ever know the terms of the retainer of these people to buy these lands, these two firms we have heard about?

A Well, subsequent to the completion of the whole operation, yes, I became aware of the terms.

THE COMMISSIONER: Would you have permitted, or was it your policy to permit splitting of commission between a member of your organization such as the Housing Corporation and a firm of Lawyers?

3-JW-11

F.C. Colborne - Examined by The Commissioner

A... I was never aware of any term such as that.

THE COMMISSIONER: I know you weren't aware but would
that be allowed by your Corporation?

A Certainly not.

THE COMMISSIONER: I didn't think so. I'm just
asking a formal question, that's all.

4-HSA-1

F. C. Colborne - Commissioner Ex.

THE COMMISSIONER EXAMINES THE WITNESS:

Q This company or incorporation I understand in 1970, or somewhere around there, did borrow from the Canadian Bank of Commerce, I think, some five million dollars?

A In 1970?

Q I don't know, in 1970 or '71?

A Yes, I think there was.

Q Well had you known that they were going running off to Germany to borrow the money would you not have inquired as to whether you can borrow money locally?

A Well I certainly would have but I am certain morally that I knew nothing of it at all for a number of reasons, those that I have mentioned plus the fact that I believe it was late in 1970, or sometime in 1970 when the Federal Government's tight money policy was restricting our ability to provide low cost housing, I was trying to influence the thinking of the Federal Government and of the private lending institutions in the province by making public statements to the effect that if we couldn't get the money locally we would have to go on the open market and we would have to go to foreign markets, and had I known that we had been to foreign markets I would hardly be making those kinds of statements without qualifying them in some way.

Q And had you known that the corporation had acquired around two million dollars in 1969 would it not have been the policy of your department to make some inquiries as to whether this money could be obtained locally, or make some

4-HSA-2

F. C. Colborne - Commissioner Ex.

- Redmond Ex.

- Stevenson Ex.

Q (Cont.) inquiries from the Provincial Treasurer as to what was the situation with regards to raising money?

A Oh, yes, I think that is the case.

THE COMMISSIONER: All right.

MR. REDMOND: I have one question, sir.

THE COMMISSIONER: Yes.

MR. REDMOND EXAMINES THE WITNESS:

Q Mr. Colborne, you indicated that when the land assembly project was conceived that it was realized that it would have to be done on a full time basis and done quickly, now in fact, sir, in the result it was done very quickly and efficiently, wasn't it?

A I believe so, and at that time I was completely satisfied that the operation had been carried out efficiently and effectively. The City of Edmonton was doing nothing but expressing their praise and thanks for the way it had been done. There was high praise coming from many directions, and I was highly pleased with the result.

MR. REDMOND: Thank you, sir.

MR. STEVENSON EXAMINES THE WITNESS:

Q Mr. Colborne, when you told us earlier that in connection with the Mill Woods project the corporation was consulted and assured you that they could carry out this project, with whom did you deal at the corporation, Mr. Orysiuk, at that point?

A You used the word, that the corporation was consulted; I don't think I used that formal term. I asked Mr. Orysiuk,

4-HSA-3

F. C. Colborne - Stevenson Ex.

A (Cont.) when we were discussing the whole project, and the feasibility of it, of course, our own thinking evolved from the concept and the idea to a conviction that this was something that we ought to do and that gave promise of producing good results and solving what I considered to be a rather grave social problem, and I simply -- I was not involved with the corporation at that time, if you recall the Deputy Minister was the Chairman of the corporation, there were other Deputy Ministers who were on the board and from the point of view of becoming formally involved in the business of the corporation I considered that to be something down the road a ways when I was more familiar with other aspects of the department, but I remember asking Mr. Orysiuk if they could carry out, if he had any reservations about whether or not it could be carried out, and he was not only enthusiastic but assured me that it could be done, and I had every confidence that it could.

Q Yes, I was just trying to get it clear that it was Mr. Orysiuk that you dealt with in that connection?

A Yes.

Q Now, in connection with the warehouse, you said that you had conducted an investigation and the thing that did concern you, did trouble you, was the fact that apparently Mr. Achtem had owned the land when the lease was made, is that correct?

A Yes, that is my understanding, and Mr. Achtem may have had an option or something to purchase the land, but he

4-HSA-4

F. C. Colborne - Stevenson Ex.
- Steer Ex.

A (Cont.) wasn't the registered owner of the land.

Q That was what concerned you?

A And that was basically what concerned me, yes.

MR. STEVENSON: Thank you.

MR. STEER: Sir, could I just ask one or
two questions?

THE COMMISSIONER: Yes.

MR. STEER EXAMINES THE WITNESS:

Q They arise out of what His Lordship asked you, Mr. Colborne.
Do I understand the situation to be that this debenture
which your Deputy Minister, Mr. Morrison, signed, and the
guarantee by the province with respect to the loan which
was signed by the Minister -- by the Deputy Provincial
Treasurer, Mr. Stewart, completely passed you by, is that
correct?

A To the best of my recollection that is the case.

Q And the affairs of the corporation, of course, at this
time in September of 1969 you have told us you were not
involved in?

A I wasn't directly involved like I became later.

Q Yes, and this is because you had taken over your post just
a few months prior, towards the end of June, and you had
plenty to do without getting involved in that, except
perhaps laying down the policy with regard to Mill Woods,
that is correct, is it not?

A Well I wouldn't want to leave the impression that I wasn't
vitally concerned and interested in the operation of Mill

4-HSA-5

F. C. Colborne - Steer Ex.

A (Cont.) Woods. I inquired a number of times during the operation, how it was going, and what kind of problems they were having, and how they were solving them, and this sort of thing, you know.

Q And this was the important matter as far as the corporation was concerned in the months of August and September and October, as far as you were concerned?

A Yes.

Q That is right, isn't it?

A Correct.

Q And other than that you had lots to occupy your time?

A That is correct.

THE COMMISSIONER: Thank you, Mr. Colborne.

MR. McLENNAN: Thank you, Mr. Colborne.

(Witness retires.)

THE COMMISSIONER: Well gentlemen, we will adjourn

I think to the 21st, isn't that the date?

MR. McLENNAN: Yes, sir, Tuesday the 21st.

THE COMMISSIONER: Monday is the 20th and that is a holiday and that means I will come up here on the holiday but we will start on the 21st.

